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THE
Present State
OF THE
French REVENUES
AND
TRADE,
AND OF THE
CONTROVERSY betwixt the
Parliament of *Paris*, and Mr. *Law*.

CONTAINING

The Parliament of *Paris*'s Remonstrance to the King; *April 17, 1720.* against Reducing Annuities to Two per Cent.

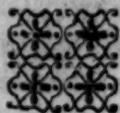
A Letter in Answer to it, by Mr. *Law*.

A Letter of his, on the New System of the *Finances*, and particularly on the Reimbursement of Annuities. His Letter about Credit, and its Use.

An Answer to those Two Letters, approving the System.

A Letter by Mr. *Law*, treating further of Annuities and Credit, and explaining the Use of Money, and the Advantages of Bank Bills in particular.

A Letter upon the Arret of the Council of State, dated the 22d of May, 1720.



L O N D O N :

Printed for J. Roberts, near the Oxford Arms in
Warwick Lane. 1720. (Price 1 s.)

580

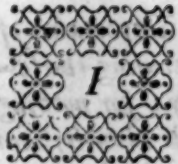
THE
 PRESENT STATE
 OF THE
 FRENCH REVENUES
 AND
 TRADE
 AND OF THE
 CONTROVERSY BETWEEN THE
 PARLIAMENT OF PARIS AND MR. LAM.

CONTAINING
 The Parliament of Paris's Remonstrance to the King, April 17, 1780, against the new Assignats, to two parts.
 A Letter in Answer to it, by Mr. Lam, 1780.
 A Letter of Mr. Lam on the new system of the Assignats, and particularly on the Remonstrance of the Parliament of Paris, and its Effects.
 A Letter to the two Letters, approving the same.
 A Letter by Mr. Lam, touching the number of Assignats, and Credit, and explaining the Use of Money, and the Advantages of Bank Bills in general.
 A Letter upon the first of the Council of 20th March the 20th of May, 1780.



Printed for the Author, at the Office of the General Post Office, in St. Martin's Lane, 1780.

THE
TRANSLATOR'S
PREFACE.

 I DID not know how to give a better Title to the following Pieces, than, The present State of the French Revenues and Trade, for certainly they contain such an Account of the State and Secrets of both, as the World has never yet seen ; and being the Remonstrance of the Parliament of Paris against the New System, or Method of managing the French Revenue on the one Hand, and Mr. Law's Defence of the same on the other, we can expect no such authentick and particular Accounts from any other Hand.

The Parliament of Paris urges all that Custom and Prepossession can suggest against the New System, and particularly the Lowering of Interest upon Annuities. They express very pathetically what multitudes of People must suffer by it, which is indeed the main of their Ar-

The Translator's PREFACE.

gument, and what becomes such a Court of Judicature with respect to the Subjects.

Mr. Law, and the Friends he has employed, lay down on the other Hand, such Maxims of Trade as seem to be very solid and rational, and tho' not well understood by those of the Long Robe, may probably make a greater Impression upon such as understand Commerce.

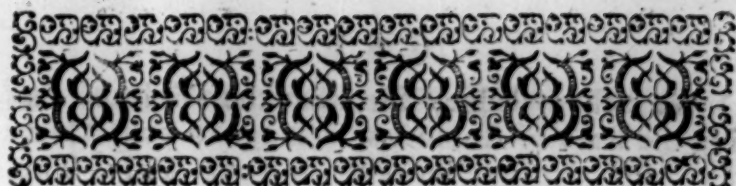
In short, the following Pieces are worth the perusal of every curious Reader, especially at a Time when the raising of Stocks is become so universal a Practice; and they deserve the greater Regard from English Men, because they shew on what Foundation the French Trade is now settled, and what mighty Advances their India Company is like to make, considering that they carry on a Trade at the same Time, while they are Raising their Stocks.

The Wisdom of their Management appears in this, That they have so united their Interest with that of the Government, as they seem to be inseparable, and by Consequence have assured themselves of so powerful a Protection, and have such a large Sceptre of Commerce in view, that it concerns all the Trading Nations in Europe, but us Britons more particularly, to be on our Guard, lest we should be out rivalled by them.

The Reader will be more satisfied of the Importance of this to our Government and Traders, by perusing the following Pieces, than by any Thing I can say; for nothing can be plainer, than that the French by this New System carry their Views of Power and Trade very high.



T H E



THE
PARLIAMENT of *Paris's*
REMONSTRANCE
TO THE
K I N G,

April 17, 1720.

Against Reducing Annuities to the
50th Penny, or 2 *per Cent.*

*Most humble, and most respectful Remonstrances,
presented to the King, our most Honoured
and Sovereign Lord, by his Court of Parlia-
ment.*

S I R,

OUR Parliament would think
themselves wanting in that Fide-
lity they owe to your Majesty, if
they did not present themselves at
the Foot of your Throne, with
their most humble and most re-
spectful Remonstrances concerning your Edict,
which forbids making Contracts for Annuities
any otherwise than at the 50th Penny.

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We

We acknowledge, Sir, that the Right of fixing the Rate of Annuities, belongs to your Majesty, and depends intirely on your Will: This Power, how extensive soever, never alarmed your Subjects, because it was always moderated by the Wisdom and Goodness of the Kings your Predecessors, who being ever attentive to the Welfare of their Subjects, were careful not to make too sudden a Change in their Fortunes; so that never since Annuities have been allow'd in this Kingdom, according to the Civil and Canon Law, during the Course of several Ages and Reigns, has there been a Change any Thing like that which your Majesty proposes to make in an Instant.

This is what alarms your most faithful Subjects, throws all Families into a general Consternation, and lays us under a Necessity to petition your Majesty, To grant to the Prayers and Tears of your People, the Revocation of an Edict so detrimental to your Majesty's Service.

We cannot conceal from you, Sir, that the respectful Silence which we have kept since our last Remonstrances, has exposed us to the Reproach of our Fellow-Subjects, who accuse us of being insensible of the Calamities which we share with them; and tho' we are in Duty bound to represent to you the Condition of your Subjects, we have always delayed it, and perhaps too long, in hopes that the Extremity to which they are reduced, would be otherwise known to your Majesty; and that it would be still more Glorious for you to give them Ease of your own accord, than to be induced to it by our most humble Remonstrances.

But, in short, Sir, since instead of that Ease which we had ground to hope for, the Edict for reducing Annuities, adds Affliction to Affliction

tion upon your People, we should be equally wanting in our Duty to your Majesty, and our Fellow-Subjects, if we did not lay the Complaints of so many Sufferers before you.

Your Majesty cannot be ignorant, that when Annuities were first authorized in the Kingdom, the Interest was immediately fixed at a very high Rate; and that our Kings, unwilling to make too sudden a Change in the Fortunes of their Subjects, never reduced them but by a little at a Time, knowing that Reductions of those Kinds did ruin the Subject without enriching the Sovereign; and that when they are necessary, they must be rather carried on imperceptibly, than the Subjects thrown headlong into Ruin.

The late King, your Predecessor, of glorious Memory, made the last Reduction of the 18th to the 20th Penny, yet would not use his full Authority to make it a general Law for the whole Kingdom, but soon after granted his Provinces an Edict, fixing it at the 18th Penny, which still subsists, being perswaded that they were not able to bear such a Charge, and that it would overthrow the Commerce and the Fortunes of the People of his Provinces.

The different Situation of his Affairs during the Course of several Wars, could never prevail on him to look upon the Reduction of Annuities as a proper Resource for repairing the publick Misfortunes: And when he was forced to reduce the Annuities on the Town-House of *Paris* to the 25th Penny, he made no Reduction upon the Annuities of private Persons, as knowing that would be the Ruin of his Subjects, and a great Loss to the Sovereign.

We can with Confidence acquaint your Majesty, that the most heavy Impositions were never any Thing so calamitous to your Subjects, as must

be the Consequence of such a Reduction.

It was never known, since the Settlement of the Monarchy, even in the most pressing Conjunctions, that our Kings pick'd out a part of their Subjects to deprive them in one Day of the 5th Part of their Revenues, but had always the Goodness to lay their Imposts upon all, that the Burden might be the more easily born.

But this Reduction falling only upon Creditors, ruins them and all their Families without Remedy.

Besides, those former Edicts, how rigorous soever, were more easily born; for your Subjects being more attached to your Majesty's Interest than to their own, comforted themselves with the Loss of their Revenues, because they came into your Majesty's Hand. They sacrificed them to you without Reluctance, when they knew they were employed to defend them against your Enemies, and to promote your own Glory. They flattered themselves, that some Time or other they should be eased from their Burdens by your Bounty; but now they can have no such Hopes, since your Majesty reaps no Profit by this Reduction.

In such Imposts as only demand a Sum for the Necessities of the State, the Masters of Families hoped to make up the Loss of the Tribute which they paid, by their good Husbandry, and that their Families would not be overwhelmed by them; but this reducing of Annuities is a Loss of the Revenues for ever, without Hopes of recovering the Capital, which ruins Parents and their Children without Remedy.

Mean Time, Sir, 'tis upon the Faith of Ordinances and Edicts which permitted your Subjects to make Contracts for Annuities at the 20th Penny, which we have received; 'tis upon the Faith of a Law which our Fathers thought to be fixed and perpetual; that they disposed of their Fortunes,
and

and established their Families; but now your Majesty seems to use your Authority to make such a Reduction all at once. Therefore that you may the better judge of this publick Grievance, we pray your Majesty to consider the vast Difference there is betwixt the 20th and the 50th Penny; and likewise, in what Conjunction you begin this Reduction.

Allow us, Sir, to put it home to your Majesty, what your People have suffered in the late Times, and we assure our selves, that your Majesty will be touched with Tenderness and Compassion for them.

Every one knows that your most faithful Subjects lent the King considerable Sums; the Value of their Annuities was paid down in ready Cash, and now they find them sunk in one Day, by a Reimbursement in Species quite different from what they paid, instead of which, your Subjects are now burdened with Paper of no Use to them, and which they can't tell how to employ. They had still one Resource left, but were deprived of it the same Moment. The States of your Provinces have been forced to re-imburse the Sums which were lent them on Annuities, for promoting your Service. The Clergy in general, and the Dioceses in particular, have been obliged to make the same Reimbursements, and your most faithful Subjects are now left without any Revenue, and deprived of all Subsistence.

The Contracts for Annuities by private Persons have had the same hard Fate. Their Debtors to whom your Majesty gave this Power to discharge themselves by Paper of the Sums they had borrowed in ready Cash, have found it very easy to reimburse their Annuities, the Creditors have been forced to surrender themselves at the Discretion of their Debtors, who reduced their Annuities to
what

what Rates they pleased ; and those who were so unfortunate as to have all their Estate in Contracts for Annuities, have suffered more in their Fortunes, and undergone greater Hardships in six Months Peace, than they did in twenty Years War.

Those who have enriched themselves in a little Time by the Commerce of Paper, being embarrassed with their own Wealth, have infinitely augmented our Calamities : They had not Confidence enough in their new Treasures, but made as much haste to get rid of 'em as they did to acquire them. Being uneasy with the Possession of 'em, they found a very ready way to tempt all their Debtors. They advanced Stock to an excessive Price, your antient Subjects durst not measure their Strength with these new Up-starts. They have seen all the Patrimony of their Ancestors gone in one Day, without hopes of saving their Annuities, or purchasing other Estates. And being reduced to Beggary, they have had the Mortification to see others get prodigious Estates, that Posterity will look upon as an Inchantment or Witchcraft, for which the obscure Proprietors are indebted only to Injustice and Usury.

Further, if Commodities were at a reasonable Price, one would not be so sensible of having their Revenues almost intirely sunk ; but is it possible for any to refrain Tears, when they think on the Extremities which your Subjects are reduced to ?

We don't speak, Sir, of those Commodities which serve for Luxury and Sensuality : May those Things always be the Share of such as live after an effeminate Manner, and who have amassed vast Estates without Labour or Industry, and which they make use of to support a ridiculous Luxury which disgraces them, and makes them be known for Up-starts. We can behold all this
with-

without Regret or Envy. Let these Things be forbid to other Men with all our Hearts. But we speak here of Commodities that are necessary, and which there is no being without, that yield the plainest and coarsest Food, and the modestest Apparel, which are now at such an excessive Price, that they are not to be purchased by the Poor. This excessive Dearth is the fatal Effect of the continual Alterations of our Coin, and the small Confidence which the Merchants put in Paper Money, convinces us every Day that it has compleated our Ruin. And many of those who have on a sudden got great Estates, fearing that the Paper might perish in their Hands, which they look upon only as an imaginary, chimerical Estate, make haste, as they themselves express it, to realize them; that is to say, to purchase Commodities, that they may sell them again, and thereby practise a Monopoly, so strictly prohibited in all Ages by the Ordinances of this Kingdom.

The Magistrates of the Police are Spectators of those Mischiefs without being able to redress them. They dare not fix the Price of Commodities, lest the Subjects should be entirely deprived of them, and chuse rather they should suffer by paying excessive Rates, than to see them languish for want of Food and Relief.

'Tis in this melancholy Conjunction that your Majesty sends us an Edict for the Reduction of Annuities; an Edict, which we should at all Times look upon as prejudicial to the publick Welfare, and which we look upon to be still more fatal in the present Situation of Affairs, because it is capable of augmenting the general Consternation.

'Tis true, Sir, that this Edict bears only a Reduction for Time to come, and that it seems to preserve the antient Annuities; but this is no true Resource, for it is a Reduction in effect of all
An-

Annuities past and to come, and none but insolvent Debtors can continue under their first Contracts.

We can't conceal from you, Sir, that this Edict will be the intire Ruin of all the Magistrates of the Kingdom ; and we assure our selves, that this will not render our Testimony suspected, nor our Remonstrances useles, and that your Majesty cannot but be sensibly touched with the utter Ruin of Officers who consecrate themselves to your Service, and the Welfare of their Fellow Subjects.

But, Sir, It is not this part of the Edict which concerns us, that affects us most. We are not the most to be lamented of your Subjects. We should be unworthy of the Functions and Magistracy with which we are honoured, if we could not bear up under Poverty with Courage and Firmness of Mind.

It is your Majesty's Interest, and your Majesty's Glory, which animates us ; It is the Ruin of our Fellow Subjects, and the Subversion of the Laws of the Kingdom, which occasions our Groans.

Yes, Sir, 'Tis your Majesty's Interest which draws from us our most humble and most respectful Remonstrances. Woe be to us, if we separate the Interest of the Sovereign from that of his People. We look upon your Estate, Sir, as a Body, of which you are the Head ; as a Family, of which you are the Father and Master together. Your Subjects being devoted to your Majesty by the most perfect Bonds of Submission and intire Obedience, it is your Interest to preserve them, since they live only for you. Would you have any Body to think, Sir, that there's any considerable part of your Subjects that you could cast out of your Affections, and whose Ruin should be determined without your Majesty's being touched with it.

'Tis not the most contemptible Part of your Subjects that is interested in the Contracts of Annuities, but all of 'em, without exception, must suffer considerably in their Fortunes by the annulling of them.

Even the Debtors themselves, which this Edict seems to relieve, will find in a very little Time how fatal it is to them. Those who are unfortunate in their Affairs can henceforth expect no Relief. No Body will lend them a Penny to support their Trade, to help them out of Prison, or to relieve their Fortune.

Interest being at the 50th Penny, Usury will become general, and succeed to lawful Contracts. No Body will lend any Thing but on promise of joyning Interest with the Principal, and the Interest of Money will have no other Rule but the Covetousness of the Creditor, and the Poverty of the Debtor. 'Tis dangerous, Sir, to make Laws too severe on this Head, for the Aversion which Men have to submit to them, will make them find Means to elude them.

Is it just, Sir, to force your Judges not to pronounce Sentence for Interest but at the 50th Penny, for all the Money that is to be demanded. Experience teaches us, that a little Time given to a poor Debtor helps him to sustain a staggering Fortune. Can we enter into these Managements, and grant a Suspension by our Judgment to the Prejudice of Creditors, whose Money is detained from them, when we are no further allowed to make good their Damage by reasonable Interest. Commerce, which one would restore, will be lost, Bankruptcies will be frequent, since a Sum demanded of a Merchant with Violence may soon ruin his Trade.

He who borrows a Sum to repay it at a set Day, and does not pay it accordingly, breaks his Engagement.

gement. Will Interest at the 50th Penny be a sufficient Penalty to indemnify the Creditor for the wilful and fraudulent Delay of his Debtor.

Will Trade bear, that the Interest of Sums contained in Bills of Exchange, protested by your Subjects, or Strangers, be reduced to so small a Sum?

If your Majesty be affected with the Interest of the Debtor, which you think favourable, are you to be insensible of that of the Creditor. They are equally your Subjects, Sir, and it is your Interest to ruin neither of their Fortunes. The Number of Creditors is equal to that of Debtors. The greatest part of the Debts are discharged, and those Debtors who continue still under their antient Engagements, have imposed such burdensome Terms upon their Creditors, that your Majesty ought to be as much concerned for their Relief. The Case of the Debtors is even less favourable than that of the Creditors, and they are often richer. No Body lends Money but what they have got by their Prudence or good Husbandry, &c. and the Debtors often borrow only because they are to purchase something by which they may get Profit. Or if they ruin themselves by Prodigality, they are less worthy of your Protection.

'Tis our Duty, Sir, to lay before you the Extent of the Mischief which this fatal Reduction causes in your Kingdom. One part of your Subjects, who have no Revenue, is reduced to the utmost Extremity.

Cast an Eye of Pity, Sir, upon unfortunate Domesticks, who have spent a hard and laborious Life in Servitude. Bowed down with the weight of Age and Infirmities, they enjoy a small Recompence by the liberality of their Masters, and which is due to their Fidelity. They had a small Annuity, on which they were scarce able to live,

live, and this they lose in an instant.

Allow us, Sir, to represent to you, the sad Destiny of those Men so useful to Society, who have distinguished themselves by their Merit, and by their Learning, who have cultivated Arts that are useful to your Subjects, and have carried the Glory of the Nation to the remotest Parts of the Earth. They acquired some Estate by their Talents; this Estate is ruined in one Day, they are forced to quit their Employments, and have nothing to subsist on.

But what deserves a special Regard, is the lamentable Condition of Parents who have numerous Families, and must henceforward be render'd unable to furnish their Children with Education, Settlements or Subsistence. We see some, who stifling natural Affection, for which they are both to be bewailed and condemned, seek to settle their Estate by sinking the Principal, to the Prejudice of their Children, and press rich Communities to be Accomplices with them in such an unnatural Practice. Great Numbers of others who are forced to consume their Estates for a Subsistence, being uncertain whether the Fund will last as long as their Lives, because it decays every Day, and dreading to survive the total Consumption of their Estates, wish almost to have their Days shorten'd rather than be a Burden to others, after having spent the Estate which was naturally designed for them.

All those ruined Families become useless to the State, for they can no longer contribute to the Charge of it. A part of your Subjects will be forced to leave Cities to conceal the Misery of their Families, by which those Cities will become desert, their Houses abandoned, the Rights of Entry diminished, and the Possessors of Lands will be obliged alone to bear the Imposts. And they will

soon perceive, That Subjects of the same Rank are tied together by the same Interests, and that the one cannot perish, but the other must necessarily be swallowed up in the same Ruin.

What afflicts us most is, That the Morals of the Subjects will be more and more corrupted.

Fathers being deprived of their Revenues, will be no longer able to give Education to their Children; Universities, and other Seminaries of Learning, will be abandoned; nor can Parents any more pay Pensions to their Daughters, who are put into Nunneries to be instructed in Piety, and for preserving the Modesty so necessary to their Sex.

Children who have nothing more to expect from their Parents, will not listen to their Advice; for a Parent reduced to a Necessity of consuming his Estate, loses the former Authority he had in his Family, which decays in proportion with his Estate.

The greatest Trouble that can happen, Sir, to the Father of a Family, is his not being able to settle his Children in the World, which we dare be bold to say, is the greatest Calamity that can befall a State.

Families who have agreed to joyn together in Contracts of Marriage, dare not fulfill them, they are so alarmed by the melancholy Condition of those who have engaged in Marriage, which is an hindrance to those who seek after suitable Matches.

No Body dares charge himself with a Portion in Paper, that produces nothing, and for which the Husband is responsible; for how can they be able to bear the Charge of a married State, and to breed up their Children? For the more considerable the Portion is, the more it frightens the Father who gives it, and the Husband who charges himself with it. Must he always continue the Trustee of

It is observable that according to the Customs and Laws of France, the Husband shall pay the Charges of his Wife's portion and decay; the first of which returns either by the Husband, or to her nearest relations.

an insignificant Paper, when all the Benefit he reaps by it, is only the melancholy Fears of losing it?

Nothing is so dangerous, Sir, as to trust young People, who are naturally given to Expence, with a Portion of which they can make no use.

Could one believe that the richest of Men should be forced, in order to get rid of a Portion, in Consideration of which they are importuned to settle a Dowry, to move their Wives to demand a Separation, that they may abandon to them the Management of an Estate of which they can make no Use? Such Separations which were always grievous, even when necessary, were formerly looked upon as Marks of great Poverty, but now, Sir, they are esteemed a Resource. This proves, without controul, that in the midst of an imaginary Wealth we feel all the Hardships of a real and effectual Poverty.

How can one settle a Dowry, or marry, without contracting for one? All our Customs make it a Law. 'Tis the principal Engagement which People enter into when they marry; and an Obligation which Parents impose upon their Children before they give them their Portions. 'Tis the Interest of the Children that it should be considerable, since it is their last Resource: If they be obliged to renounce the Succession of their Parents, how can they with Prudence promise it? And how can they discharge themselves when they have promised? If the Dowry had lasted some Years, and the Husband had nothing but Annuities, which are to be reimbursed, the Arrears will swallow up the Principal of an Estate which produced no Revenue. If the Woman marry again, a strange Family enjoys the whole Patrimony, and the Children being destitute, will be without Education during their Infancy, and without an Estate, when they come of Age.

If

If a Father, justly alarm'd by such melancholy Reflexions, delay out of Prudence to match his Children, he must at the same Time be perplexed with Fears, lest being weary'd with long Delays, they should match themselves dishonourably without his consent.

We should never make an End, Sir, did we lay before your Majesty all the Mischiefs occasion'd by reducing Annuities, and converting every ones Fortune into Paper. There will be no more Securities, no further Mortgages. Men who have their Estates in their Hands will shew no Regard to such Laws as prescribe how they shall use them. If violent Passions seize the Heart of the Father of a Family, he will be in no fear of Justices condemning his just disposal of his Estate, since he can do it clandestinely, he will despise such Laws and Ordonances with Impunity. And if a Father have a Regard to the Welfare of his Children, with what Anxiety must he be tormented on his Death-Bed? His whole Estate may, perhaps, be carry'd off by an unfaithful Servant; or a Wife not content with her Share, may seize the whole. Estates will no more be divided according to the Customs of the Country, but may become the Prey of the most covetous and vicious Son, to the Prejudice of his Brethren, who are incapable of such Practices.

The Contracts of Annuities, the Minutes of which are deposited with a Notary, secure the Peace of a Family, so that no Body can be under a Temptation to seize the whole, because it is vain and unprofitable to attempt it; but the facility of seizing a vast Estate, that no Body can know again, tempts corrupt Minds to Theft and Robbery.

The Reduction, or to speak more truly, the total annulling of Annuities, must of necessity ruin Com-

Communities, together with their Endowments and Fabricks.

Hospitals now more necessary than ever, because of the great Numbers of unfortunate People must infallibly perish. If your Majesty could make good so many Settlements by your Charity, 'twould be a vast Charge to the State, therefore 'tis more glorious for your Majesty to prevent by your Prudence, and hinder by your Goodness, such great Calamities, than to relieve a part of those whom the Edict will render miserable.

There will be no more employing so much Money, the Destination of which is trusted to the Care of Justice. Those whose Property is controverted, those who are substituted, Beneficiary Estates, which concern the Possessor, and him who ought to succeed. All those, in short, of which the Ufu-Fruit is separated from the Property. And, in a Word, if Contracts of Annuities must be annulled, for reducing them to the 50th Penny, is to annul them in effect, and tells us, That the Reduction might still be carry'd further, for there's no lawful Way left to imploy the Money above-mention'd. There's no more real Funds in the Kingdom for your Subjects. They are at such an excessive Price, that People of ordinary Estates can't purchase them. Would your Majesty have Money useless to those who possess it, and have no other Way of subsisting.

Trade, Commerce, and partaking of your Majesty's Farms, don't suit us. We say further, That a considerable part of your Subjects is barr'd from meddling with them; Church-Men are expressly forbid by the Canons to meddle with Commerce, as unworthy of their Profession, because 'twould make them covetous, contrary to the Sanctity of their State, and be apt to divert them from their Ministry.

Such of your Majesty's Subjects as are particularly imployed in your Majesty's Service, in your Army, or Courts of Justice, can't engage in those without contravening your Ordonances, and debasing and degrading the Nobility of their State. Magistrates, Sir, can neither directly or indirectly meddle with your Majesty's Farms, neither as Farmers nor Partakers, because they are forbid by your Ordonances, which they are sworn to observe, and can't violate without Perjury.

Those Malversations which are too frequent in the Management of your Farms, ought to keep Magistrates at a just distance from them, because 'tis their Duty to restrain and punish them; otherwise they should become useless to your Service. If they were Partakers in a Profit formed and augmented by Confiscations and Fines; nothing would make them more odious to your Subjects, whose good Opinion, and Confidence in them, they ought to esteem and preserve.

It remains, Sir, for us to insist on your Majesty's Protection for Minors, who, if the Edict subsists, must perish in their Infancy; and, notwithstanding all the Magistrates Care, their Fortunes will be destroyed. Those unhappy Infants being deprived of the Assistance of their Parents, and often put under the Care of an unfaithful Tutor or Kinsman, who are either ignorant or covetous, have always deserved a particular Regard.

That rising Generation who grow, and are bred up for your Service, form all the Hopes of the State. By them it is renewed. By them it is preserved. Without them it must perish and sink. The Innocence of their Age; their Incapacity to take Care of themselves, obliges us to see to their Defence. Their Interest affects us more than our own, because, in probability, they will live longer, and your Majesty has reason to expect more Service from them.

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It is sufficient for us, at present, to consult your Ordonances, where we shall find the Wisdom of our Kings, and Rules for our Conduct, laid down with so much Equity, that we have no more to do but to conform our Judgments to them.

These Laws, Sir, can't now be executed. We are not allowed to deviate from them, and it is impossible for us to follow them. If they be overturned, the Ruin of Minors becomes unavoidable. If they be observed, no Person can accept being a Tutor, but must be ruined by it. 'Tis impossible to find any Medium betwixt those two Extremes.

All the Moveables of Minors, their Offices, and their Effects, which produce no Revenue, ought to be sold, and the Money imployed to purchase an Interest, for which the Tutor is responsible to them.

All the Estate of a Minor being thus converted into Paper, to oblige the Guardian to make use of it, is to oblige him to do what is impossible. If it be dispensed with, 'tis the same with delivering up the Minor to the Infidelity of his Tutor. It is always a certain Rule, That the Expence of a Minor ought to be regulated according to his Income, but if he be deprived of any by useless Paper, must he be left without Nourishment, without Education, and without Subsistence? Or must he be made to consume that Fund of which he will find himself deprived when he comes of Age to make use of it for your Majesty's Service?

We could wish, Sir, that your Majesty was of Age, to make a Judgment of the just Motives which have excited us to these most humble and most respectful Remonstrances. What might we not in that case expect from your Goodness for the Ease of your Subjects? But what revives our Confidence is, that they must come into the Hands of the Prince who is intrusted with your

Authority. We hope, that in following his own Judgment, and the natural Goodness of his Disposition, he will be sensible of our Misfortunes.

Allow us, Sir, in concluding, to offer to your Majesty, from the bottom of our Hearts, the ardent Prayers, and sincere Desires of your Parliament, influenced by the most respectful and tender Affection for your Majesty's sacred Person. It is no less the Interest of your Glory, than the Welfare of your Subjects, which excites us.

All your Subjects, animated with the like Zeal, beg of God, That you may have a long Reign ; and wish, That it may be longer, and more Glorious, if possible, than that of your Great Grandfather.

These are, Sir, the most humble, and most respectful Remonstrances, which we thought in Duty ought to be represented to your Majesty, by

*Your most humble, most
obedient, most faithful,
and most affectionate
Subjects and Servants,*

The Members of your Court of Parliament.

Done in Parliament, April 17, 1720.

S I R,

YOUR Parliament appears this Day prostrate before your Majesty, that they may have the Honour to present you their most humble, most respectful, and most submissive Remonstrances, which your Majesty's Service, the Glory of your Reign, and the Relief of your People, oblige them to make, upon the Consequences of
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the Ediſt which your Maſteſty ſent them, for fixing the Rates of Annuities.

In leaving with you, Sir, theſe our Reflexions in writing, we moſt humbly pray your Maſteſty to look upon them as a Mark of the inviolable Attachment of your Parliament to your ſacred Perſon, and of the Confidence which they have in the great Wiſdom of the Prince who is intruſted with your Authority.

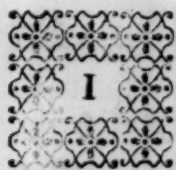




A
LETTER
By Way of
ANSWER
TO THE
REMONSTRANCES
PRESENTED

To the KING by the Parliament,
the 17th of *April*, 1720.

S I R,



Herewith send you a Copy of the Remonstrances presented to the King by the Parliament, taken from those that are made Publick, to which I subjoin a Sort of Answer, containing my own Remarks upon every Article, with as much Order as the Matter and Time would permit. I pray you to suspend your Judgment till you have read them. My Design is to lessen your Prejudices; and I shall not think my Labour lost if I succeed.

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The Gentlemen of the Parliament say, That their Care for the King's Glory, and their Love to his People, are the Morives which excited their Remonstrances against the Mischiefs which they believed would be the unavoidable Consequences of the Edict for reducing Annuities. The Alarms which they give, prove, That their Care of the State is greater than that of the Father of a Family for his Children. His Foresight, inspired by his tender Affection, does not suffer him so much as to glance at the Mischiefs which their Uneasiness is hastening upon them.

The Parliament, which is the Trustee and Interpreter of the Laws, has too much Knowledge to controvert his Majesty's Right of fixing the Rate of Annuities, since his Power has no other Limits but what his own Goodness prescribes. This Principle is not to be deny'd; the Parliament has at all Times religiously observed the Regulations made on this Subject by his Majesty's Predecessors, and their Arrets have always been conformable to the Edicts.

It is confessed, That the Kings, his Majesty's Predecessors, have not for some Ages made so sudden, nor so considerable a Change, and that their Wisdom, in the Retrenchments they made, always had a Regard to the Condition of their Subjects. But it must likewise be confessed, That the Changes made in Annuities were proportioned to the publick Wealth. High Interest was always looked upon as a melancholy Proof of Poverty; and if Wealth was always the Rule of lowering it, compare that at present with the Interest of 2 $\frac{1}{2}$ Cent. and you will find the Proportion much more just, than that betwixt 5 $\frac{1}{2}$ Cent. and the Poverty of the late Times.

His Majesty's Love to his Subjects, and Care for their Welfare, ought to quiet their Alarms.
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They are to expect from his Care, and the salutary Counsels of the wise Prince who governs the State, the happy Times which he is preparing for them. The King is not accountable to the Subject for his Designs. The Matter in hand is about Projects brought to a happy Issue, which are not to be understood by every one. Ministers instructed in the Advantages of the Finances, know in that grand Science what the most profound Lawyers, and able Magistrates know nothing of. They have nothing to fear from the Reproaches of their Fellow-Subjects, since being too much Sharers, perhaps, with them in their groundless Fears, they have done what they thought to be their Duty.

'Tis true, that Annuities were formerly very high: King *Henry IV.* established some upon the Taxes at the 12th Penny. The Kings his Successors did it with a little less Charge. The Parliament looked upon these Changes as a publick Good, for such high Interest did tend to the certain Ruin of the Sovereign and Subjects. The Kings, after having paid the Annuity for some Time, found it impossible to reimburse the Capital. Every one knows to what a deplorable Extremity the State was reduced, which proceeded solely from the immense Interest which the Kings were obliged to pay.

The Easiness which private Persons found, to purchase with a small Sum a Revenue sufficient for their Subsistence, because it brought them a great Interest, induc'd them to live in Idleness, and deprived the State of the Service they might have done it in some useful Profession, had they been obliged to work. From hence Commerce, which is the Soul of the State, decayed, Usurers alone enriched themselves with the Spoils of the most illustrious Families in the Kingdom, to whom they lent on Usury; or a little Time after, obtained

tained a Sentence for Interest, and at last came to a Contract for Annuities. The Wealth of the Creditor put him in a Condition to forbear a long while demanding the Interest of his Money, and the Debtor being either almost constantly sunk by his Debts, or not having Money to bear the Expence of his Dignity, neglected to pay the Interest. The Sum lent was enlarged, and many Times doubled by the Interest, thus the Debtor's Lands came to be sold by a Decree: His vast Expence swallowed up the Value, and was followed by the utter Ruin of the Family. Every Body knows that those Misfortunes are the usual Consequences of borrowing on high Interest, and these are the Mischiefs which the King would prevent by the Reduction of Annuities.

The Parliament, with Grief, beheld the last King, in calamitous Times, borrowing Money at high Interest. What he allowed to those he dealt with, *said they*, was an Usury against which they protested with the utmost Warmth. Too high an Interest infallibly ruins the Debtor, whose Condition ought always to be much more favour'd than that of the Creditor. Their Law Determinations were always conformable to this wise Maxim, and at all Times they were sensible of its Equity and Usefulness. When this Court, agreeable to the Law and Ordonances, is forced to award Interest, 'tis not till after they have carefully examined the Nature of the Debt. Their Justice makes them zealously seek for all Methods to discharge the unfortunate Debtors, whose Interests were always dear to them. Yet these wise and knowing Magistrates do now at once renounce those Sentiments so agreeable to natural Equity, and forgetting the solid Interest of the Debtor, prefer the Creditor's Advantage to his.

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In 1665, when the King, his Majesty's Predecessor, reduced the Annuities from the 18th to the 20th Penny, he conformed himself to the Situation of Affairs. There was not then such a Circulation of Money, or such a happy abundance of equivalent Effects as there is now. As to the Considerations which then engaged him to exempt certain Provinces from that Reduction, they are now ceased, because all the Provinces are equally sensible of Plenty.

If the late King, when reduced to a vexatious Extremity, contented himself with reducing the Annuities on the Town-House, without reducing those of private Persons, it was because he foresaw, with Reason, that his Regulation would have been ill observed, there being then a great Scarcity of Money, occasioned by the long Wars which he was forced to sustain. That Prince, whose Penetration nothing escaped, knew that Reduction to be impossible: And it would have been absurd indeed, to lower the Interest of Money when it was so scarce.

The Gentlemen of the Parliament say with Confidence, That the heaviest Imposts were never attended with any Thing like the Mischiefs that follow such a Reduction. These are the very Words of their own Remonstrance, and thus to annul a good Thing, they use their Endeavours to make valid a bad one. This Comparison can deceive no Body, but will it not raise the Indignation of those that love their Country? It is demonstrated, That the Reduction has no other View than the Welfare of the State, whereas extraordinary Impositions are unavoidably attended with extreme Calamities. Then the Substance of the most unfortunate must be torn from them with Violence. One cannot hear without Tears, a Recital of the Hardships which the Commissioners were

were forc'd to exercise, for Recoveries against those who were obliged to pay, and that at a Time when the Subsidies were considerably diminished.

The Gentlemen of the Parliament say further, That the King in one Day deprives a part of his Subjects of $\frac{3}{5}$ Fifths of their Estates, and that by this Means he lays an Imposition upon them which ought to be shared by all. Reduction is a Thing quite different from Imposition. The latter burdens the People, the former tends to their Ease. Were his Majesty under the melancholy Necessity of laying on Impositions, he would be for laying them equally upon his Subjects; but what we speak of now, is a Reduction in which we neither can nor ought to consider more than two Persons, viz. the Debtor and the Creditor. *The Loss, say they, falls only upon the latter. It ruins them and their Families irretrievably.* On the contrary, it has been proved, That in general the Reduction is useful, and that it will often be so to the Creditor. To convince even those who most ridicule this Truth, we must examine the Condition of the Creditors.

The greatest Part of the Nation possesses almost nothing in Annuities, unless it was upon the Town-House, the Clergy, or on the States. (To this Article it shall be answer'd.) In effect, the Wealth of the Nobility and Magistrates consists in Land; and if they have any small Share in Annuities, they are of no Consideration in regard of their Land Estates. Besides, few of them were without Debts, and as these were paid them, they paid what they ow'd to others, so that their Condition is much happier than it was before.

But of what Rank are those private Persons who have nothing but Annuities? They are People who have not Money enough to buy Land;

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or, their Incapacity or Idleness hinders them from following any Employ by which they might make a lawful Profit of their Money or Bank Bills. If there be any other Sort of People, their Number is so small, that it is no sufficient Objection against an Establishment which is for the general Good.

The People we just now spoke of, are, 'tis true, in no Condition to lay out their Money upon Land, without considerably diminishing their Income, but they may trade, and assist as much as in them lyes the Circulation of Money, so necessary to enrich the Kingdom. They may thereby reap the Fruits of their Labour, or get Profit by the Means the King has put into their Hands of buying Actions. If they keep their Money, they will be punish'd by their Idleness, or by their Diffidence in the one and the other Case, and not merit the Compassion which the Parliament pleads for towards them.

As to the reimbursing of Annuities on the Town-House, every Body knows what Murmuring it has occasion'd among the Annuitants. All the World knows that a Debtor can't be depriv'd of his Right to free himself when he pleases, yet in this Case they would have the Condition of the Sovereign to be worse than that of a private Person. How unjust is it to endeavour that the King shan't have the Liberty to pay what he has borrow'd; and that to satisfy a small Number of his Subjects he should sacrifice the Satisfaction which he owes to all the rest?

If his Majesty has order'd also the Reimbursement of Annuities upon the Clergy and the States, 'tis because he would lessen a part of their Charge, and promote the Circulation of Money, which he designs to establish in his Kingdom, having procur'd for his Subjects such Methods of imploying
their

their Money, as they might and may still make a profitable Use of.

The Gentlemen of the Parliament alledge, That the Reduction of Annuities is a Loss for ever, and deprives People of all Hopes of recovering their Capital. But why do they believe so, since Interest at the 50th Penny will be a regular Interest? Reimbursements, and Transfers, will be no less frequent than when Contracts were made at the 20th Penny. In a Word, if we would measure the Distance betwixt the 20th and 25th Penny, we must compare the former Poverty with the present Plenty. The King by his Edict only confirms the Contracts of his Subjects. They themselves knew, that in the present Circumstances, Contracts for Annuities could not be made but at the 50th Penny. 'Twas on that Foot that they purchas'd Stocks or Annuities. Has the Parliament annulled those Contracts? Why then do they ridicule an Edict that authorises a Custom which the People rejoice at, because it denotes Plenty?

'Tis true, that part of the Loans to the King were in ready Cash, and that his Majesty reimburses in Paper. The Subjects would have Reason to complain were the Paper of less Value than the Money; but when 'tis more coveted than Specie, even by them who have still some Remains of that most fatal Diffidence; and that 'tis equally useful, I confess that I can't conceive what ground there is for this Complaint. A private Man's Bill is accepted, tho' his Wealth be not known, and yet Credit is refused to one which is warranted by the King, the Funds of an inexhaustible Bank, the Revenues of the Kingdom, and which can't lose its Credit without involving the State in a total Ruin. People who entertain Fears of that Nature, must either believe that the King

resolves to ruin his People, or to be a declar'd Enemy to the publick Welfare.

Those private Persons who have made vast Fortunes by the Paper Commerce, have acquir'd their Estate by lawful Ways. His Majesty could not forbid them the disposal of them. 'Twas in their own Option to buy them at a dear Rate. These Men being either guided by a wise Foresight, or a fortunate Chance, have been justly rewarded for their Confidence. They are not the only Persons who have had Advantage by their Fortunes; how many Families have they sav'd, whose Estates were order'd to be sold? Or who could at best keep off that unavoidable Misfortune but a little while? The Children had just only the bare Name of their Father's Estates; they ow'd the Value of them, and if the Creditors left them that titular Property, which was but a poor Comfort for those unfortunate Children, 'twas not so much out of regard to them, as to increase their own Credit, that they might with the more ease possess themselves of those Estates; and other Creditors durst not sue for a Decree of Sale, because they had just Reason to fear, that the vast Charge of it would swallow up part of their Money. Those who look'd upon their own Ruin as unavoidable, have sold part of their Lands, paid off their Creditors, and of a sudden from being Poor became Rich. Families ready to fall have rais'd themselves, and owe this Happiness meerly to the Fortunes produc'd by the new System, which have heap'd themselves upon them. These are the Advantages of which the Parliament pretends to know nothing.

The Increase of the Price of Merchandize and Provisions is a Misfortune proceeding from necessary Causes; the King's Ministers are endeavouring a Remedy, and 'twill not be long e'er the
People

People receive that Ease which they ought to expect. 'Tis only the Annuitants who have suffer'd by this Misfortune, for Tradesmen have proportion'd their Wages to the Price of Provisions, and the Merchants have not observ'd a just Proportion in the Price of their Commodities.

The Gentlemen of the Parliament fancy, That the Edi&t for reducing Annuities to the 50th Penny, will bring on Usury, because indigent People not being able to find Money at Two $\frac{1}{2}$ Cent. to put their Affairs in Order, or re-establish their Fortune, will be forced to accept the Usurer's Terms. This Reflexion may deceive those who compare Times past, present, and to come. But if those Magistrates have always made such a profitable Use of their Judgment and Authority, to execute the Regulations made by the King on that Subject, why will they do less now to get the Terms of the Edi&t observ'd, which is sent them by his present Majesty? When the Interest of Two $\frac{1}{2}$ Cent. shall be the fix'd Interest, will any Man rather chuse to keep his Money by him without any Profit, than lend it on that foot? They whose Fortunes are incumber'd will the sooner be in a Condition to relieve them, and to reimburse what they have borrow'd, since they will have the less Interest to pay.

The Interest of Two $\frac{1}{2}$ Cent. in which the Debtor, who fails in his Time, must be condemn'd, will be a just Reparation for the ceasing Gain, and by Consequence he will have no reason of Complaint.

The Number of the King's Subjects, whose Estates consist only in Annuities, is very small, as has been already said. The Picture which is drawn of their Condition is not natural. All the Misfortune they are to dread from the Reduction of their Annuities, is, That they must live a little
more

more sparingly, for their Stocks are not diminished. Those who shall spend them, can only fall into Want, because they would not make use of the Means that the King's Goodness has provided for them, by which they may have a greater Interest than that of the Annuities upon the present footing. But in a Word, would it be just for saving so small a Part of the Nation, to deprive all the rest of so great an Advantage? 'Tis always reckon'd good Policy in Governments, and even in inferior Magistrates, not to consult the Interest of a small Number of particular Persons, when the Matter in question is about the Welfare of the State in general.

'Tis indulging Fancy too much, and bringing very distant Misfortunes too near, to suppose, that the Reduction of Annuities will make Cities desolate. To shew the Falseness of that Imagination, let's examine of what Sort of Inhabitants Cities consist; I know no useful Conditions of People, but the Magistrates, the Nobility, the Merchants, and the Tradesmen; the rest are a Burden. Will the Magistrate, who enjoys the Revenue of his Lands and Office, quit his Dignity? The Gentleman whose Fortune consists also in Rents and Lands, and who is besides enrich'd by an easy Method he has found to pay his Debts, quit the City? When Riches increase, will the Merchant leave a flourishing Commerce? Nor will the Tradesman go off when he thereby finds Means of a plentiful Subsistence, but will redouble his Application to bring his Art or Trade to Perfection? The uneasy Annuitant, who bred up his Children to an idle Life, will then make them work, and thereby render them more useful to the State.

The present System has been so far from hindring Marriages, that we may boldly affirm that it has occasion'd an infinite Number that would
never

never have otherwise been contracted. How many covetous Fathers have the Reimbursements determin'd, who were before with-held by their sordid Avarice, and could not bear the Thoughts of dividing their Estates? Almost all Men have need of Money, or equivalent Effects, when they set up, and which ordinarily furnish them with Means of Employment. And if a Husband be obliged to seek from a Stranger Money to purchase his Wife's Dowry, and be afterwards oblig'd to repay it, he will be in no greater perplexity than he was before the Reduction. On the contrary, behold the Fortunes of those who have received their Wives Portions in Money, and imploy'd it in Time. In short, if the Husband be forc'd to borrow Money to make a Dowry for his Wife, whose Portion he receives at present, he will borrow it on the same Foot that he lent it.

The Father who fears that the expensive Humour of his Son-in-Law, will make him waste his Daughter's Portion, may secure it by making use of the Power the King has given him, to render all Shares put into the *India Company* immoveable.

Nothing but a culpable Mistrust can occasion that Fear which the Parliament insists on, of some particular Persons for the Estate of their Wives. That of Separation is a Method so extraordinary, that we may boldly say, That there is not, perhaps, two Persons in the Nation who have made use of it, because whatever the Reasons may be, it has always been reckon'd odious. These Fears would have some ground, was the Reduction of Annuities to take Place only for a limited Time, but the Edi&t for 'em being perpetual, it will be impossible to make any Alteration in it, without over-turning all good Order.

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The Gentlemen of the Parliament ask, How People can possibly Marry and settle a Dowry? 'Tis hard to conceive what Change the Reduction of Annuities can make in this Matter. Either the Dowry is according to Custom, or particular Contract. If it be customary, and assign'd upon an immoveable Estate, the Widow will enjoy her Share of what her Husband left, according to the Customs of the Place, so that the Reduction makes no Alteration in that respect. If the Dowry be by particular Contract, the Widow will enjoy it accordingly. The Commentator upon the 256 Article of the Custom of *Paris* says, *If the Dowry be a Sum of Money, the Heirs are obliged to pay the Interest according to the Rate appointed by the Ordinance.* Thus the Question is determin'd, Wives must be treated according to the general Law, and receive the Interest of the Sum agreed on at Two $\frac{7}{10}$ Cent. so that the Arrears will not swallow up the Principal.

As to Minors, whose Estates consist in Annuities reimburs'd, tho' the Case seldom happens, his Majesty has provided for 'em by the Arret of Council, dated *Feb. 23.* last, which furnishes their Tutors with Means to imploy the Money, so that their Patrimony will not go to another Family; and if it happen that their Income be diminish'd for some Time, perhaps the Capital may be increas'd, and so they will not be left without an Estate when they come of Age, as is pretended.

Publick Diffidence, the fatal Source of all the Misfortunes of States, represents to a prepossest Imagination such Difficulties as are scarce to be dream'd of. There have been Wastes and Robberies in all Ages. The Severity of the Laws, and the Authority of Magistrates, have not been able to stop the Wickedness of Men. But why should these Mischiefs be charg'd upon the Reduction of

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Annuities? Can that occasion the Estate of a dying Father to be carry'd off by a dishonest Servant, a covetous Widow, or a vicious Son? Most part of Traders, and People of Business, usually carry their Estates about them in their Pocket Books or Letter Cases, yet have not often been robb'd of them; and surely there will be no less Care taken to prevent it in this Case. Besides, those who dread such Misfortunes, may prevent them, by putting their Effects in the Bank, which is a publick Security; and even Traders will find this of Advantage to them for facilitating their Commerce.

Communities with their Indowments and Fabricks, would suffer effectually by the Reduction, if the Wisdom of the Prince had not prevented their pretended Misfortune, by demanding Accounts of their Estates and Effects, on purpose to make good the Loss they may suffer by this Reduction, besides the Advantage which they will find by the Execution of the Arret of the 16th of April last.

The Parliament owns, That on the want of real Estates whereon to lay out Bank Bills, a Share of the Farms, or rather of the Actions of the *India* Company, is a Resource. But they say, That the Canons forbid Commerce to the Clergy, and the Ordonnances forbid it to the Nobility and Magistrates, who can neither be Farmers nor Sharers. That is true, but how can these Prohibitions be applied to the Matter in Hand? And how does an Ecclesiastic, who shall purchase two Actions, and keep them as a real Estate, to receive the Dividend of them, expose himself to the Censure of the Canons?

Magistrates and Gentlemen who have Actions, are no more Sharers of the Farms, than they were when they had Annuities on the Town-House,

the Payment of which was assigned on the Aids and Taxes. They have no Share of the Management, and that's all which the Ordonnances of our Kings design to prevent. They will still have all the Authority which those Ordonnances vest them with to punish the Miscarriages of the Commissioners. However, the Care of that Affair was scarce ever committed to Judges ordinary, but to Judges extraordinary; and suppose the Parliament meant it of them, the People will never look upon them as Accomplices with those whom they severely chastise. Every Body knows the great Distance there is betwixt a Magistrate and a Commissioner for gathering Taxes.

The Parliament says further, That the Magistrates will become useless to the King, if they share in the Produce of Farms or Actions, because one part of that Produce arises from Fines and Confiscations. That Part is not the Two Hundred Thousandth Part, and is always for the Punishment of Fraud or Disobedience. In a Word, I can hardly conceive how a Property in one or more Actions can hinder a Magistrate from administering Justice.

What has already been said of Minors, seems to answer what is urged in their Favour towards the end of the Remonstrance.

The Edict for Reduction of Annuities makes no Alteration in the Laws; it moderates Interest, but changes nothing of the Ordonnances or Customs.

What is it to the Administration of Justice, whether Interest be at the 20th or 50th Penny? A crowd of such weak Arguments can deceive none but such as are blinded with a culpable Fear. The Interest of the Subjects is inseparable from that of the Sovereign. The Application and Endeavours of that wise Prince who
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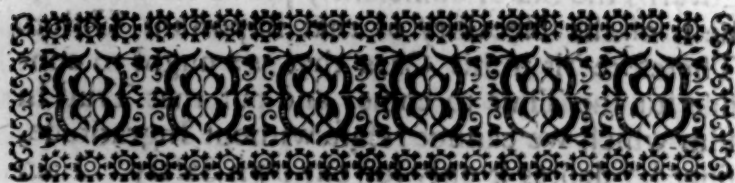
governs the State, sufficiently prove how sensible he is of the Necessity of that important Union. Therefore 'tis in his Care that we ought to confide for the Time to come, and put that Trust in him which we cannot refuse without Ingratitude, since he desires it only for our own Safety. I am with all sincerity, Sir,

Your most humble, and

most obedient Servant.

Paris, April 27, 1720.





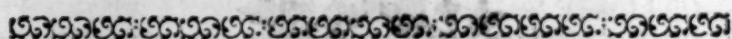
LETTERS

Upon the New

SYSTEM

OF THE

FINANCES of France.



I. LETTER to M. * * * on the New System of the Finances, and particularly on the Reimbursement of Annuities.

S I R,

OU have certainly done me a great deal of Honour, in acquainting me by Letter with your Uneasiness upon the new Settlement of publick Affairs, and I hope your writing to me first of any Body will be for your Advantage. You might have writ to many, who being either ill informed, or ill affected, instead of easing your Complaints, or dispelling your Fears,

Fears, would have valued themselves on their Sense and Eloquence in completing your Despair. I will endeavour, on the contrary, to reconcile you to a System which acquires a new Degree of Stability every Day. It includes already all parts of the State, and even its Opposers, therefore 'tis your Interest to acquiesce in it, and conform your Ideas to it.

I am pleased with your calling it a *System*, a Name which perhaps no State did ever give to the Administration of its Finances; and indeed, whereas that Administration, when improved to the greatest Height by able Ministers, was only a Method of Receipts and Disbursements in better Order, here you have a Chain of Ideas which support one another, and display more and more the Principle they flow from. The Old Administration was so far from furnishing of it self any Funds of Wealth, that it had no other Resource upon every new Exigent, but Taxes and Loans. This, on the contrary, having Credit for its Soul, the only Fountain of Circulation and Plenty, pays the King's Debts by suppressing Taxes, and turns his Exchequer, which had lost its Credit by Borrowing Money, into an Office for Lending it. Had this System, Sir, been proposed and explained to you, before it was publick, I believe you would have approved it, and I desire no more of you now, but to judge of it by Experience, and to confess the Effects of it.

I own that your first Objection affects me, because it relates to your self. All your Estate lay in Annuities, of which you are already, or soon will be reimbursed. These Two Cases, which to you are different, are but one to me, for I do not blame you with any Thing as to the Money not yet paid you, but as to what you have already received. It was your own Fault that you did not
make

make your Fortune by it. I do not mean, that you should have devined Things from the beginning, but wonder you did not do it when you saw the vast Gains that others made by their Money every Day. But let us return to the general Principle, by which you may yet, in Time, find how to be advised, and to have a Resource.

One of the first Laws of a Government, which is founded on Credit and Circulation, is, to leave nothing in a State, at least as the principal Object of its Revenues, but Land and Trade. I look even upon Land, not like those who distrust the Publick, as a safe Harbour in case of Shipwreck, but as one of the Fountains of Commerce, because of its Product. An Estate in Annuities is directly opposite to this Principle. The Lender stipulates, That his Money shall not be employed in any part of Trade, but settled upon a particular Estate in Land. On the other Hand, the Lender's Capital sinks, and he consents never to have it again; so that lending Money on Annuities equally ties up both Parties. This Way of laying out Money makes it scarcer and dearer for Trade. As there is always in every State a certain Number of timorous and lazy People, who think on nothing but their personal Interest, and look upon the general Good of their Country as a Chimera: The easiness of Mind which they seem to enjoy by their Annuities, hinders others who would put their Money in Trade, or lend it to Traders. There is no surer Mark of a State's being uneasy, and going to Ruin, than the dearness of Money. It were to be wished, that it should always be lent for nothing; or at least, that the Gain by it should be shared betwixt the Lender and Borrower. This is a Trade which every Man might carry on without turning Merchant, and is the only way of lending, which is neither Burdensom to the Lender or Borrower.

I always look'd with Compassion upon those who put their Necks under the Yoke of borrowing Money upon Annuities. They usually give the Lenders the full Value of their Money, and so become as it were their Deputies or Factors, at the Hazard of their own Fortunes. It is still much worse if they lay out the Money they borrow to purchase Offices of Judicature which yield nothing, or upon Lands whose Revenue is always lower than the Interest of the Annuities, so that we may affirm in general, that no Man will charge himself with paying Annuities, but either to rid himself of some Incumbrance, and that often but for a very small Time, or out of a ruinous Vanity which disturbs the Peace of so many Families. People are so generally perswaded of this, that they avoid as much as they can the purchasing of Estates charged with Ground Rents. And whereas a Merchant pays with Regret his Money when it becomes due, because he could still make profit of it, he that owes an Annuity rids himself of it as soon as he can, as an unsupportable Burden. Therefore for a Man to be sorry because he cannot any more lay out his Money on Annuities, is the same Thing as to be sorry that Money is grown common, and that there are no more unfortunate People to borrow it. I know not, considering the Humour you are in at present, whether you can pardon me to mention the ridiculous parallel of a Physician, who curd a whole City where every one was in Health.

Our Law-writers have preserved to us the Remembrance of the Oppositions which Annuities met with when they first began in *France*. The Injustice and Tyranny of Lenders, to which People have been since accustomed, was then branded as publick Usury, and Scruples about it continued a long Time after both the Ecclesiastick and Secu-
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lar Powers had allowed that way of lending Money. We may also affirm, That the natural Idea of Usury takes in all Sorts of Loans, which under the Appearance of a Benefit, more enriches the Lender, and hurries the Borrower, who ought to have been relieved, into certain Ruin. But not to meddle with the Case of Conscience, the lending Money on Annuities seems in no Case equitable, but when the Land upon which it is lent yields more than the Interest, and leaves the Borrower still some part of the Rent.

For this Reason Annuities ought to be the lowest of all Revenues in a State. We see it really is so in Trading Nations, whereas Interest being commonly higher in *France*, they drained us almost of all our Money, and our Trade languished. In such Cases as we have mentioned, Annuities may be allowed, and be useful for the Support and Preservation of the landed Estates of the Kingdom, when the Money is borrowed to improve them; but 'tis always most commendable in a Prince, to reduce Annuities to the smallest Number, and the lowest Interest he can: By this Means he eases that part of the Subjects which have always been most favoured by the Law, I mean Debtors, and considerably lessens the Number of Law Suits, by augmenting the Circulation of Riches, which are not so liable to them.

But further, one cannot in general provide for the Ease of Debtors, but they must provide at the same Time for the Security of Creditors. Is it not plain how most part of Annuities terminate? After having long tormented the Debtor, they are either lost, or considerably lessened to the Creditor: 'Tis a forced Estate which never lasteth long. We know the Arrears which were due at the end of the last Reign. People then longed after Reimbursements, and now they can't behold them

them with Patience, because the New System having set the King, and the Bulk of the Publick at Liberty, from thence they began to be well paid. This System has, for one Year at least, prevented the Bankruptcy of all publick Annuities, which would necessarily have ruined all private ones; and it offers you a new Sort of Estate, where your Capital is useful to the whole Body of the Nation, and the Revenue of it will increase for your self. Therefore, Sir, lay out there the Annuities already repaid you, and what you are further to receive, and in Time you will get more by it than you did by your old Annuities.

I own that the total Change of the Government, with relation to the Finances, occasions an actual Shock which hurts a certain Sort of People in its passage. This Inconvenience attends all Changes, and is so much the more unavoidable as the Changes are necessary and press'd forward. We could have wish'd that all the Kingdom had come into it, without hurting one single Man. God alone is able to do it, and yet he does it not in the ordinary Course of Nature. General Laws always prevail over the Desires, and even Necessities of private Persons.

But let us see what the Number of private Men is who suffer hereby, among whom, those who trust the Government suffer only for a Time, and the Distrustful will only suffer by their own Choice. Were the Kingdom to be divided into Twenty Classes, the Annuitants would make but one; and if we compare that Class with the rest, it won't amount to the tenth Part of the whole, and of them there's not a Hundred who are reduced to live on Annuities only, and who do not gain more by all the other Funds than they lose by this.

And indeed what Rank of People, and what Profession, has not shared in the Riches that have arisen from the New System. Lands and Houses

this Kingdom, are immense, so that not only his Fund, which is heighten'd ten-fold by his Credit, amounts to prodigious Sums, but he has Means by which he may exceed that Proportion by far, to which Bankers and private Traders are in a manner tied down. The Prince who knows more and more the Importance of his Credit, directs himself by it in undertaking War, of which it may be said in general, that the King of *France* has always been the Umpire, and will be much more so for the future. His Necessities induced him to change the Fortunes of particular Persons, and in some sort to disorder his whole Kingdom. Credit well managed will always prevent his Necessities, and the Council of Finances will be no more puzzled how to provide for them. Edicts and Declarations, which often destroy'd the Trade of Subjects, will all contribute to support the Credit of the King ; that is to say, the publick Confidence, which can never stand but on the Contentment and Riches of all the Kingdom. Thus Sovereign Authority, so dreadful in a King, that is always indigent, and in a Government that is always poor, cannot but be beneficial in a System which gives the King Credit for his Treasure.

But what Use does the King make of this Credit, according to the Principles of the New System? He only lends it to a Trading Company, into which all the Materials of Trade in the Kingdom fall successively, and are amassed into one. The whole Nation becomes a Body of Traders, who have for their Cash the Royal Bank, in which by Consequence all the Advantages of Commerce, Money and Merchandize, re-unite. This prevents an Inconvenience which we see in *England*, where those concerned in the *Bank*, and those concerned in the *South Sea Company*, oppose one another, and run the risque of mutually ruin-

ruining themselves and their Credit.

All Nations have ever believed, that the Trade even of private Persons made the greatest Riches of the State. Then what shall we say of a State that carries on Trade in a Body, without excluding private Persons? And if the larger a Merchant's Stock be, he is the more capable of great Undertakings, can the King do too much to engage all his Subjects to re-unite their Money, in order to advance the general Trade which *France* has lately undertaken? This is likewise the chief Reason of reimbursing the Annuities. For how advantageous soever they may be to private Persons, 'tis certain that they are of no use to the State in general; and if many private Persons applaud themselves in secret, for raising their Fortune independently of the general Welfare, the King ought to applaud himself much more, in reducing all his Subjects so as that they may find no Fortune but in the Plenty and Happiness of the whole Kingdom.

This is an Abridgment of the System that was laid before the Prince, in the deplorable State we were left in at the Death of the late King, so that a Scheme, or Constitution, advantageous enough in itself to be received in all Circumstances and Times, was become a necessary, and the only Remedy that could be applied to the Distempers of *France*.

I shall not here make a vain Ostentation of Eloquence, to put you in remembrance of the Extremities to which the King and his People were reduced. It was not only felt by *France*, but by all the Nations in the World with whom we had any Commerce. The King's Debts were so immense, that had all the Gold and Silver in the Kingdom been in his Hands, it would not near have paid them, and at the same Time his Coffers were quite empty. Credit, as it went then, that is to say,

say, the Hopes of being paid in Specie, in a very short Time, was lost beyond retrieve, and to say the Truth, it lasted much longer than could be expected, for the King paying an exorbitant Interest for Money, that he neither laid out in Land nor Trade, the Debt was lost as soon as lent. The first Proposal offered was for an universal Bankruptcy, but the Prince out of Honour opposed it, tho' Necessity must have brought him to it. I dare say, moreover, That an universal Bankruptcy would have saved him only for a little while, not only because the King by with-holding his Debts, must for ever have renounced all Claim to Credit, but because also according to the height to which necessary Expences are now carried, all the Money in *France* is not sufficient for the King's private Person. The New System has supplied that Defect by Bank Bills, which the publick Confidence may raise to an hundred fold more than it was at first. The King, who first trusted it, reaped the first Advantage by the Increase, and clearing of all his Revenues.

Before this System was received, the Prince Regent made it pass through all the Tests of Examinations, Objections, and Experiments of greater or lesser Extent, that could be thought of. The proposed System appeared bright and shining to all that were consulted about it. It answered all their Questions and Objections, and succeeded beyond what the most sanguine Confidence durst have expected. Nothing stood against it but the usual Obstinacy of inveterate Prejudice against Reason, when it appears under the aspect of Novelty. This Prejudice did not forbear its tragical Outcries one moment, not that they had the least shadow of Reason, for Prejudice is always exempt from that, but by constantly alledging the Practice of antient Times, and that all the World was against the New Scheme. And indeed, as Prejudice

judice is nothing but a Custom proceeding from meer Instinct, it has no other Guide but the Sentiments of the Majority, and as it has always narrow Views, it constantly imagines that the World is of its side. Yet 'tis certain, that Truth or Reason, how New soever with respect to any Thing, immediately attracts the Eyes of Men of superiour Genius, and when such Men are once possessed of it, they quickly gain the Victory; so that Truth, against which the publick Opinion was alledged at first, becomes at last the publick Opinion it self. This Phænomenon has been already seen in Philosophy. *Des Cartes's* Principles were opposed by the Sentiments not only of particular Persons, but of all the World, of whole Societies, and of those who held the first Rank among the learned, to whom it was natural that the Matter should be referred; they all determined against him, yet Philosophy made its Way over all those Obstacles. A Man of Sense never values himself on following the Sentiments of the Publick, upon the Appearance of a new Thing, for tho' he might agree with a Number of those who pass for Men of Ability, and great Wits, he might, on the other Hand, agree with a great Number of ignorant, stupid Fellows, who can only swim with the Stream. A Man of Sense therefore values himself more upon being of an Opinion which shall gain the Ascendant in Time with respect to a new Thing founded on Truth and Reason, for by this Means he will be of the publick Opinion at last, because all the World comes into his Sentiments.

So it is with the New System of the Finances, whose Success has been yet more glorious and speedy. Credit raised the Actions to Two Thousand in the Face of its Adversaries, and notwithstanding the Fears and Uncertainties, even of those

those who advanced it so high. Credit grew and increased in the very bosom of Distrust. Principles, tho' at that Time little known, over ruled Opinion. What will they do then when made Publick, I don't say by Writing, but by their Effects, which alone can open the Eyes of the Populace? Every Body will then acquiesce in a Scheme which procures the general Good of the Kingdom, because it indissolubly unites the Interest of the King and Subject.

The Necessity of this Communication of Riches betwixt the Sovereign and his People, is another of those generally received Maxims, which serve as a Basis to the New System. The Business was to mend a Fault which for a long Time had been found in the old Way of Administration, under which it was usual for People to say, *Let us have no Dealings with the King, nor lend any Money to those that have.* What could become of the Prince, and what could become of the Subject, while such a dishonourable Prejudice prevailed, and was indeed but too well founded? For one Discredit followed close on the Heels of another. The Royal Treasury in every Administration being the principal Fountain from whence Money spreads through the Kingdom, can never be dried up, but that the remotest Streams must be so too; as a Proof of this, we had a prodigious Number of Bankrupts at the end of the last Reign, even among those who had least to do with the King.

Then what Principle of Government can prevent so great a Mischief? I will venture to speak out, though at first it may startle the Vulgar, it is to carry all the Money to the King, not by way of Loan, for the Interest would be a Burden to him; nor by way of Imposts, for it is his Advantage to have them all taken off, but as a meer

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Depositum in the Bank, from whence you may draw it out in Proportion to your Wants. But one will say the King is the Master, and absolute Power destroys all Confidence. This Objection might have weight, if the Confidence you put in that absolute Master were not of ten Times more worth to him than your Money, and if he were not by this Method always in a Condition to pay you the Sums you demand. If the antient Credit of the King, which consisted only in bringing in Money by the Bait of a great Interest, which is always burdensome, and by the faithful Payment of the Capital when it became due, was nevertheless so great an Advantage, what may we not expect from a Credit better regulated, and which alone deserves the Name, that consists in being a Trustee for Money, of which he makes no Interest, and to the Payment of which, because it is payable at sight, the Time and the Confidence give an indefinite Term? The antient Credit, how advantageous soever, served only to support the King for a while, but this being durable and permanent in its own Nature, has already furnished an advantageous Way of paying off past Debts, and preventing future Wants. It must also be owned, that none but the Sovereign can have the second Species of Credit, because his Dominions being Tributary to him one way or other, his accepting his own Bills gives 'em a Credit with his Subjects, and to say it, *en passant*, their Acceptation by his Subjects will necessarily give 'em Credit with Foreigners.

All this being well established, and duly understood, it is absolutely impossible that the King should ever change this System, for why should he do it? Is it to prefer the Money of the Kingdom to his Credit? He has that Money already according to my Supposition, and he would for

nothing at all lose his Credit, which is a Fund of ten Times more worth to him. This would be like a Man who has ten Houses, and to keep one which no Body disputes with him, would demolish the other nine. The King can never think of doing the least hurt to his own Credit, because, whereas an Estate in Money is lost only by degrees, an Estate in Credit is of such a Nature, as it must be kept intire or is none at all.

Mean while, if you refuse to make this Depositum which I propose, and return to the antient Administration, the King being absolute Master, will, to supply his Expences, draw the Money out of your Coffers, either by forced Loans, which indeed will ruin both him and you at once, or by multiplied Taxes, whose Funds will never return to you. But further, 'tis no new Thing for all the Money in the Kingdom to be in the King's Hands. The Recoinng of it will bring it all to him when he pleases; and to tell you the Truth, the King alone ought to have all the Species, because he is the only Debtor for Money, and that private Persons owe nothing to one another but Bank Bills. The Bank, with respect to the Finances, is the Heart of the Kingdom, to which all the Money ought to return for renewing the Circulation. Those who would hoard it up, and with-hold it, are like the extreme Parts of a Human Body, that would stop the Passage of the Blood which moistens and nourishes them. This would soon destroy the Principle of Life in the Heart, and in all the other Parts of the Body, and at last in themselves. The Money does not belong to you, but by the Title which gives you a Right to call for it, and to pass it through your Hands to satisfy your Wants and Desires. These Cases excepted, the Use of it belongs to your Fellow Subjects, and you can't deprive them of it
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without committing a publick Injustice, and being guilty of a Crime against the State, of which I don't believe you are capable. The Money carries the Prince's Stamp, and not yours, to tell you that it does not belong to you but by way of Circulation, and that it is not lawful for you to appropriate it in any other Sense. Monopolies of publick Provisions have no such fatal Consequences as the Monopoly of Money, which answers all Things. The Prince has armed himself in all Times against those who with-held it when it was to be recoined. Then what ought he not to do against them in a System of Credit? I wonder when I hear some People say, that Confiscations of hoarded Money will occasion great Murmuring. Can they in truth believe that the People will bewail the Loss of those Men who would rob them of their Subsistence, and who to enrich or save themselves alone, do as much as they can to impoverish and destroy every Body else? Will not the People who naturally hate rich Misers, be sensible that they will now have their Share of the Money in the Bank, which was not laid up for them by such as hoarded it? I tell those Hoarders, all that they have is held in Execration not only by the Populace, but by all honest Men, who now know the Importance of preserving the System, tho' perhaps they did not at first approve its Establishment.

This Madness to hoard up Money, proceeds from the extraordinary Rise of the Stocks. Most People, surprized at their own Gain, thought they must turn it into Heaps of Gold and Silver, which they call Realizing. They did not consider that the advanced Price of Stocks did not so much represent current Money as capital Funds, and so much the more, that with respect to many People they replaced their antient Contracts. But this

Truth became palpable by the surprising Height those Stocks rose to, for they actually surpassed in Value all the Gold and Silver which will ever be in the Kingdom. Here some will not fail to object, that therefore they look upon these Stocks to be but an imaginary and chimerical Estate, and that they were in the right to improve the happy Moment of parting with them. I answer, the Houses of *Paris* taken together as a capital Stock, surpass, perhaps, in Value, all the Species in the Kingdom. The Lands of *France* are worth more than all the Gold which still lyes hid in the Mines of *Peru*. Have then the Houses and Lands, for this Reason, nothing but a chimerical Value? Upon this Reflexion which I suggest to the most part of those who never made any Reflexion in their Lives, I would ask, will they all come to a Resolution in one Day, to realize all their Lands, and convert them into Money? If such a Frenzy should take Place, it would reduce the most considerable Houses and Lands to nothing, and then those stupid Sellers will want Buyers. What is it that keeps up Lands to their lawful Value, how high soever, but that they are not sold to realize them? No body sells them but to retrieve their Affairs; the Possessors commonly content themselves with the Revenues which they produce, and they are therefore very rarely offered to Sale, and when they are, there's always as many Buyers as Sellers.

Men ought then, with regard to Shares, to think after the same manner and order as they do with respect to their Estates. They seem unwilling to do it of themselves, and there is nothing so difficult as to convince a Multitude of their true Interest, and make them pursue it. If the System be in any Danger, it is not from despotick Power, as some People think fit to say. On the contrary,
that

that despotick Power to which we owe it will maintain it. The Danger is from the Uneasiness, Anxiety, and bad Conduct of those who even confess that the System is essentially good, and that there is nothing wanting but to acquiesce in it, to make it as firm as it is useful. The Publick, if we may say so, is the Arbiter of its Fortune, and yet retards it. It is on such Occasions as this that we perceive the happy Effects of Sovereign Authority. The Law is necessary to save Men from doing themselves Mischief. Some look upon certain Regulations made about Money and Bills as a sort of Violence. The King, say they, gets only a forced Credit. Those who say so don't consider the Circumstances of a new Establishment which one would have the whole Kingdom to enter into in a little Time. The very Proposal of this System would at length gain every body's Approbation, and that Confidence which is due to it, from the Nature of its Principles. Whenever I mention any of them in this Letter, I observe to you, that they are composed of Notions common to all Men, and of Maxims impressed in every Mind, whereas former Administrations were always blamed for being opposite to those Maxims. In short, nothing is so antient as the Principles which I present to you. But as they lay in a heap, without being connected, and put in practise, the System has collected them, and therefore appeared to be a new Thing, and by Consequence subject to Contradiction. This Contradiction could not be silenced in one Day, therefore it was necessary that Authority should come to its Relief. *Des Cartes's* Philosophy was founded in like manner on the following Principles of common Sense: *Let us recall every Thing to its proper Idea, and let us not refer those Matters to the Judgment of other Men which we our selves can examine.* These Propositions were
neither

neither extraordinary nor new, yet it was forty Years before this Philosophy could be established ; but the Success of it was not pushed on, and the State was not concerned in it. It is not so with the new Settlement of the Finances. It requires speed, were it only in favour of those who suffer in its Passage. Therefore the Power of the Prince is necessary to make Men instantly take those Courses which they would not take for Years yet to come. A System of one Year's standing cannot have the Strength of one of ten Years old, and therefore it must be led by the Hand till it can go of it self. These, Sir, are the most general Thoughts which offer'd themselves to me on this Subject. It is your Part to tell me what further Illustrations and Particulars you desire, and I will endeavour to satisfy you.

I am, Sir, &c.

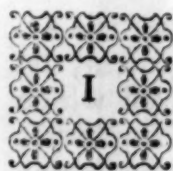
Paris, March 11, 1720.





A N
A N S W E R
To the Two
L E T T E R S
Upon the New
S Y S T E M
O F T H E
F I N A N C E S.

S I R,



A M obliged to you for the Share you take in my Troubles. That which I take in the publick Affairs, has made me examine without Passion your two Letters on the New System of Finances. I have received Comfort by them, and I doubt not but when they are publish'd, that they will strengthen the publick Confidence. They have left me still under some Scruples, and while
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I long for the Illustrations you promis'd me, I have read them again with a Gentleman of your Sentiments, who has had also Opportunity to instruct himself in what relates to Finances and Commerce.

I shall give you an exact Account of his Reflexions, and begin with your second Letter, which, as you observe very well, should naturally have been the first. What follows is much the same of what he said to me on both.

We don't measure the Credit of Traders only by their Stock, but confide in them for their Probity, which assures us they will not deceive us, for their Ability, which makes us hope they will not be deceived themselves, and for the Protection with which the Prince or his Ministers honours them; whence we promise our selves, that the Supreme Authority instead of disturbing, will support them. We confide also in the Quality of their Trade, which makes us hope for Profit, and at last in their Fund that secures our own, and which we look upon as a Supply to the Losses they may sustain, and as Relief against the Accidents of Fortune.

'Tis upon the Knowledge of all those Things together, or rather of the Opinion Men have of 'em that Credit is founded.

According to this Idea, never was the Credit of any Traders establish'd upon so sure a Foundation as that of the *India* Company.

Tho' the Choice of those who govern their Affairs, made with so much Care and Judgment, did not assure us of their Probity, the Interest which they have to continue themselves in an Employ so honourable and profitable, their Stocks which answer for their Management, their watching over one another as Brethren, engag'd for their mutual Honour, the Eyes of the Publick fix'd upon them, and those of the Magistrates who have

a right to examine their Accounts, and even those of Envy, which draws upon them their Fortune, will keep 'em to their Duty, and make it impossible for them to deviate from it.

'Twas the known Ability of each of them, in the Business he is employ'd in, which occasion'd their being called to be Members of the Company. They continue in their respective Offices to manage what they have during their Lives carry'd on with so much Success and Distinction; and this general System is govern'd by the same Genius who invented, and in spite of all Contradiction have advanc'd it to the present height. The Authority which protects the Company, is that despotical Power which is so formidable to particular Persons, who in their private Views are obstructed by the real or seeming Good of the State, but which becomes a mighty and powerful Assistance to this general System which can't be touch'd, but at the same Time all parts of the State are affected by it, which re-unites the Management of the Finances, and all Sorts of Commerce that are the Source of them, and thereby indissolubly and sensibly joins the Interest of the Prince with that of the Company.

'Tis upon this the Hopes of the Sharers are founded, that the Affairs of the Company will be manag'd with Wisdom and Power, and that the Profits of it will be faithfully and justly divided.

It remains now for us to examine their Revenues, if the Affairs of the Company be in such a Condition as the Partners may expect a Produce answerable to what they have advanc'd, and whether their Stock be secure? This Article deserves a more ample Discussion.

When I speak of a Produce answerable to the Stock of the Partners, I don't only mean the first Fund given to the Company for the Shares. If

I mean only their

their Value were no more, then those who have purchas'd since at a higher Price, would be Losers.

I put them at Two Thousand, almost the highest Price they have been purchas'd for on the spot. On this Foot we must inquire, Whether those who have bought, and are Members of the Company of Commerce, can hope from the fix'd Revenues of the Company, and the Produce of the Trade they undertake for the Revenue of the Six Millions in Specie, plac'd upon the best Funds, for to that Sum amounts the Value of all the Shares at the Rate of Two Thousand a-piece.

If we compare the Shares with what we call real Estates, such as Lands and Houses, 'tis certain that they are not yet arriv'd at their just Value, since as real Estates are now purchas'd, the fix'd and determinate Revenues of the Company alone will produce almost as much as the Six Millions laid out in Land and Houses.

By fix'd Revenues I understand the Rents assign'd to the Company on the King's Farms, which they receive with their own Hands, those on the Clergy, the different Cities, Provinces of the Kingdom, and the Countries that have a right to Tax themselves, &c. These Revenues alone will give near one $\frac{1}{2}$ Cent. of the Six Millions, at which I reckon the Funds of the Sharers. We now buy Houses and Lands almost at this Rate; but if we consider that the Company will always have part of their Shares in Cash, and that the Rents of this will increase to others, their fix'd Rents will at least yield $1 \frac{1}{2}$ Cent. If besides we observe that the Diminution of Species will diminish the Incomes of Lands and Houses, and that Money lay'd out that way is an alienated Fund, with which one can't so easily assist themselves as with Shares. It will be agreed, that considering only the fix'd Rents of the Company,
Shares

Shares are better worth the Price, than Lands and Houses at the Rate we now buy them.

But the Rents are not a quarter of the Profit which the Company may reasonably expect from their Undertakings, they take in the Commerce of the Bank, of the whole inhabited World, and of all the Finances of the Kingdom.

The Particulars of their Undertakings would require more Room than I can spare here; a very small Observation is enough to give one a View of the immense Profits which the Company may make annually.

We have still a fresh Idea of the vast Fortunes which have been made in *France* by the *West India* Trade. The Company will renew them to the Profit of the Partners, and restore a Trade which the separate Interests of private Persons have ruin'd. Their Exports will be proportion'd to the Demand, and they will not debase themselves by exporting exorbitant Quantities. The Price of Goods, when not lessen'd by Rivals, will keep up. *French* Men will no more ruin one another, but keep the Advantage they have of their own Clothes, Silk, Gold, and Silver Stuffs, and the other Merchandise of their own Product.

The Trade of the *East Indies*, and *China*, will likewise be another Source of Wealth to the Company, both sure and extensive. We must not compare its Commerce with those of the weak *French* Companies that formerly carry'd it on; they had neither the like Wealth, Understanding, nor Authority. The private Views of those who govern'd it clash'd with their common Interest. The Expiration of their Bonds forc'd 'em to buy and sell at a loss. They paid exorbitant Interest. Time alone ruin'd them, and the Nature of their Obligations was such as they could not fulfill. This Trade has made a certain Nation to flourish,

whose Country is almost depriv'd of the Gifts of Nature.

Our Alliance with them will be no less useful to us both in *Asia*, than 'tis in *Europe*. Commerce is never ruin'd, but rather augmented by the Number of Traders, and 'tis profitable and flourishing in no Places more than where they have the greatest Number of Traders, and those too of different Nations. When they are united among themselves, Navigation is more sure and commodious; their joint Strength guards them against the Insults to which Strangers are too much expos'd in remote Countries; the Discoveries of the one serve the other, and the mutual Credit they give multiplies their Stock. Thus we shall join to the Commerce of *Asia* that of *Europe* in *Asia* it self, and carry the Fruits of the Peace to the uttermost Parts of the World.

'Twould be too long to run through all the other maritime Trade which the Company carries on, such as those of *Senegal* and *Louisiana*, so necessary for one another. The Plantation of *Louisiana* will be an immense Object. I know there must be Time to form a Colony, and to reap all the Advantage we expect from it; but if we consider the first Fruits we have had from thence in Tobacco, Silk, Indigo, and Silver, the Happiness of the Climate, the Goodness of the Soil, the Choice we may make in its vast Extent, the mild Temper of the Natives, the many Settlements that rich private Men and Companies make there from Day to Day, we are to hope in a little while to see more prosperous Times, than either our Neighbours or our Selves, who have not had those Helps, have seen for many Years.

But we have in *France* more speedy and plentiful Objects.

By

By how many different Canals is Gold and Silver convey'd with Profit into the Treasures of the Company.

The Trade in Goods which is allow'd to them only, brings into their Hands what comes from all Parts into the Kingdom. The Bank brings them successively all the trading Money. The Finances convey immense Treasures into their Cash which lay useless in the King's Coffers; all the Specie returns also to them by the Coinage; besides that, this prodigious Quantity of Silver makes them Masters of all the Trade they have a mind to undertake. The Fountains which convey the Money to them, and have hitherto rais'd the greatest Fortunes, yield considerable Profit every Day.

People were uneasy at the sudden Fortunes which in all Times a great Number of Persons rais'd by the Bankers Trade, and the negotiating of Effects, because they thought it was at the Expence of the Publick. But here the Advantage of the Company will be the Benefit of the Publick, because they are the greatest part of it, and that contenting themselves with a moderate Profit, it will diminish the Loss which others have by Trade.

I know that in the handling the Finances, they wont make the same Profit as the Receivers did in the last Reign, upon Contracts more burdensome to the People than advantageous to themselves.

But this Diminution which makes a difference in behalf of the People, of above One Hundred and Forty Millions levy'd upon them every Year in extraordinary Affairs, will turn to the Advantage of its Commerce, facilitate the same, and augment the ordinary Revenues of the Finances; for if this Maxim of the Finance be true, *That Imposts destroy Property*, the contrary must also be true, and the Imposts being taken off must add to what remains,

remains, and the Company will always have lawful Profits, which a good Administration, the Multiplication of Specie, a greater Consumption, and the publick Wealth, will render more and more plentiful.

Even the Recoining of the Money after the Diminutions directed, will yield them 10 $\frac{1}{2}$ Cent. upon all the Money of the Kingdom, and the Profit will be renewed during nine Years, as often as the Interest of Trade join'd with the Interest of the Company, don't prevent it.

To ask then from whence the Company will reap their Profit, is to ask, what has been the Spring of all the Fortunes that have hitherto been rais'd in *France* of what Nature soever? But their Opportunity is still greater, for all those Advantages which lay dispers'd, how ever great they might be, are not comparable to the whole reunited in one Company; which by their Re-union is in no danger of those Inconveniencies occasion'd by Opposition of Interests, that are so apt to diminish, and ev'n to destroy the best Busineses. Besides which, they find in one Branch of their Affairs and Trade what will support the other.

The Commerce of the *West* favours that of the *East*. The Privilege of having Materials facilitates the Purchase of foreign Merchandize. The Manufactures which they support furnishes 'em with Means to have the Materials. The Trade in Blacks advances the Establishment of the Colonies. The negotiating their Actions keeps them up to their just Value. The Finances, the Bank, and Merchandize, mutually assist and increase one another. The Concurrence of all those Things carries the Power of the Company to such a height as no other ever arriv'd to. But that is not all, the State of the Company is fix'd for Time to come, for what becomes a general Thing in

a State, must last as long as it does.

We have often seen one Sort of Estates attack'd, and one part of a State suffer some Change in a Government, but no Body ever saw, or will see, such a Change as attacks all Estates together, and makes every one suffer at one and the same Time, because in those Changes, 'tis usually one part of a State that, abusing its Authority, sacrifices another to its own particular Advantage, either Real or Imaginary. Besides, a general Mischief can't be hid under any Disguise. This would be so plain, that the Prince must needs perceive it to be an Attack upon his own Power. The Concurrence of so many Advantages, ascertains the Continuation of the Company, and that being ascertain'd, turns that to be a settled Fund for the Company, which hitherto has only been a casual Profit. This Article deserves a particular Attention.

Traders, Bankers, and Financiers, never look'd upon their Business, and the Profits of it, as a settled Fund, or a fix'd Revenue, because Death, Sickness, Revocations, Rivals and Misfortunes, might deprive them of it, and did indeed often deprive them of the Means by which they got those Profits. In a Word, Their Trade and Impleys were no constant Fund. But in the Hands of a Company which has perpetual Succession, and never dies, which by its immense Riches, and different Fountains of Profit, is in a Condition to bear up against any Loss or Misfortune, which being the Glory, the Riches, and the Power of the State and the King, has nothing to fear, but every Thing to expect from the Sovereign Authority. This Company, I say, is to look upon its Profits as a fix'd Revenue, a settled and immense Fund, whose Value is as much above the real Estates of *France*, as the Profits of Industry are above a real Estate, so that 'tis a constant and assur'd Fund,
since

since being a Continuation to the same Company of the Privileges granted it, to take away the Fund from them, is not to acquire them for one or another, but to destroy them. A superior Authority might indeed so ruin *France*, but would enrich no Body, and, on the contrary, destroy the whole People. I think this a sufficient Security from that despotical Authority which is continually opposed to the New System.

Thus I have shewn you the Fund of the Company's Stock which has been so often enquir'd after. The Company always reckon'd their Revenues, and the Produce of their Business, much below their Value. 'Tis upon the Apprizement of this Product that she valu'd the Right she gave the Actioniers to share it with her, and look'd upon that Right as a Fund. In proportion as new Business was added to her, by which her Profits, and in Consequence her Stock, was to augment, she rais'd the Price; but as she did not advance it to the full Value, in order that those who bought Shares might gain by them, the Publick being eager to have them, rais'd the Value every Day, and hence sprung those vast Fortunes, which surprise ev'n them that made 'em.

The first Actioniers made Profit of all the Additions produc'd by the Re-unions, and their Fortune, tho' sudden, were as well established as any we have hitherto seen in *France*, since 'twas upon the same Foundation, and 'twas so much the more to be valu'd, that they were rais'd at no Body's cost.

In the mutual Exchange of Things, which are the Subject of Commerce, the one can't ordinarily be a Gainer without the other's being a Loser, but 'tis not so in created Estates, nor of Funds which grow in the Hands of the Proprietors. Those to whom they belong, have the Comfort to see the Riches of the State increase with their own, and if
any

any Body envy them, no Body at least has Reason to complain of them.

Among those Fortunes there were some very indecent, which gave ground to Fables and Songs; and were Eye-sores to those who had no share in them. Nevertheless, to speak of it impartially, tho' it be of Importance to the State that their Subjects grow rich, yet to them 'tis in a manner indifferent into whose Hands those Riches fall, if it be not into the Hands of the King. As the Riches of the Subjects make his, what he acquires is acquir'd for the Publick, for the Richer he is, he is the more able to dispense them among his People, and the less need he has to demand any Thing of them, and indeed 'tis the King who has had the greatest share of this Increase. But, in short, into whatever Hands they fall, they circulate in Trade. Those who make speedy Fortunes, commonly spend liberally: Some out of Vanity, and others out of Principle. The ridiculous Pomp of an irregular Expence makes it no less useful to Society; and a foolish Prodigality makes a better amend for the Injustice and Partiality of Fortune in the distribution of her Favours, than moderate Expences. The Mean, who have most Commerce with the Rich, are the first who taste of their Plenty, but in Time, and by Degrees, every Body partakes of it.

After having shew'd the Fountain of the Company's Profits, which is also the Fund of the Shares, 'twill be no difficult Task to prove the Security of the Bank Bills.

I must repeat what has been already said. One part of the Fund of the Shares is a sort of new created Riches, and the other consisting in Rents, did never almost enter into Commerce. The Value of both amounts to Six Milliards, *i. e.* Six Thousand Millions, and this Value circulating now, has

prodigiously augmented the Functions of the Specie, which serves for the daily Change that People have need of. 'Twas therefore necessary to create a new Specie, of a certain Fund to go hand in hand with the old, and which should be proportion'd to the new created Funds.

Without this Supply, what must have happen'd? The Shares would never have risen to the present height, and other Estates keeping a proportion to their Value, would have been considerably diminish'd, Money alone would have been of no Value, because there was not enough to exchange with the antient Riches of the Realm, and those that were newly enter'd into Commerce. This Difficulty would have left Trade in a languishing State, and then indeed there must have been just Cause of Complaint, that there was not enough of Specie in the Kingdom for the Shares.

To supply this, the Royal Bank gave immediately their Bills to the Actioniers for a fourth of the Value of the Shares which they deposited with them, and had not before deliver'd out their Bills but in proportion to the Money brought them.

The Bank being afterwards joyn'd to the Company, took those Actions in Payment at the current Rate of the Place, and gave out their Bills indifferently, either in Exchange for Specie, or for Actions, which they took at Eighteen Hundred.

The Fund then of those Bills is sure either in Specie or Actions, whose Value we have shew'd to be certain.

By this Help the Bank will keep all the Funds up to their just Value, diminish the Loss of those who either out of Necessity or Distrust, sell their Shares, by taking them at a Price a little below the Value, and selling them again, will prevent the most daring and cunning Men to advance
them

them beyond their real Value, and by moderate, but repeated Profits, will considerably augment their Revenue, and secure both those who have or would purchase Shares. This Method supposes the Circulation of Bank Bills in Concurrence with Specie. To fix this 'twas necessary to hinder private Persons to heap up Specie, and the Materials of it, and they as well as the State find their Advantage in the Prohibition to hoard it.

The Advantages which the King was willing to give those Bills in his Coffers, his warranting them, and that by their own Nature, they are always free from all Diminution, ought without doubt to give them the Preference to Specie. If some Peoples Ignorance of the real Funds we have mention'd, have made 'em preserve Specie, let us content our selves to instruct 'em without being angry with 'em, and leave Things to the Wisdom of the Prince, who watches for the publick Welfare; and to his Goodness, which prevents the Losses that private People may have by the Diminutions, which will be felt by no Body, whilst every one is to have no more Specie than for his present Occasions. We must not however leave 'em under a Mistake, as if the Stamp of the Prince upon the Coin did invade their Property in their Estates. The Prince's Stamp informs us 'tis his Right to regulate the Use, and to augment or diminish 'em as the Necessities of the State or Commerce requires, and to substitute such Bills in their Room as have a certain Fund, and are equal to the Specie they represent, as I have shew'd the Bank Bills are; and if the King look upon the Wealth of his Subjects, as his own, 'tis especially in this Sense, that he can't be Rich but in as far as his Subjects are so, and that by their Plenty they may be in a Condition to assist one another, to carry on their Business, improve the Lands of the Kingdom, multiply the

Product, and promote the intire Consumption of it. We have hitherto seen what is continually ask'd us. We have the Foundation of the Company's Hopes of Profit, the Fund of the Actions and Bank Bills; and, in a Word, the Foundation of their Credit.

Lets now see what Use they have made of the Funds which their Credit has procur'd them. They have employ'd one part of those which they had by the Sale of their Actions, for the Establishment of their Commerce, and the other in purchasing fix'd Rents, in discharging the King's Debts, and reimbursing private Persons.

By the first they have begun to execute their great Undertakings.

They can't do this without putting in Value all the real Estates, and those of Industry, in the Kingdom.

They have re-establish'd the Marine that was almost intirely destroy'd.

Those who by their Offices, by their Arts, and by their Industry, were employ'd in it, when *France* was in her greatest Splendor, those who are Proprietors of the Provisions thereunto necessary, and of the Lands which produce them. Those who had neither Estate nor Work, were a Burden to themselves, and to the State, and are therein usefully employ'd, find their Account in this Re-establishment, and the State finds its own. The Maritime Force augments its Power as solidly as it makes it useful to all the Nations of the World. Their different Commerce revives all Manufactures, and whatever belongs to 'em. There's no part of the State but what feels the Benefit of it. Every Thing grows better. The Workman does not languish in Idleness and Want, but being sure of the Fruits of his Labour, goes chearfully about his Work, multiplies his Business, and perfects himself

self in it. Provisions that are of no Value without Consumption, are at their full Price, and don't perish for want of being us'd. The Lands are better cultivated. The Proprietor finds Means from the Value of his Land, to sell off one part for paying his Debts, and better to improve the other. All those Things together concur to raise Provisions to their full Value, and to prevent the extreme Dearth of them.

For explaining those Two equally useful Effects, we must enquire into the Causes, why the Price of Provisions is rais'd ; for besides, that this Inquiry relates to the System, it will be comfortable to us in the present Situation of Affairs.

There are Three Causes of the Dearnness of Provisions. The Scarceness of them. The Lessening of the Value of the Coin ; or which is the same Thing, The Augmentation of the Species, and the Consumption of them.

That which proceeds from Scarceness is no doubt hurtful to the State. 'Tis prejudicial to the Buyer, because the Price of Things necessary for Subsistence, not being proportion'd to his Ability, reduces him to Misery. 'Tis not good for the Seller, because tho' he sells dearer, he has less to vend.

The Lessening of the Money is also a Cause of Dearth, because in that Case foreign Provisions made use of in our Manufactures cost more to private Persons, tho' they cost no more to the State ; and besides, Strangers, because of the extraordinary Demand for our Provisions, raise them insensibly in proportion to the Diminution of our Coin, and their Demand continues till they have proportion'd the Price to those of our Neighbours.

It has often been question'd, Whether Dearnness proceeding from that Cause be hurtful? 'Twould
not

not be so, if the Solidity betwixt all Provisions were such, as equally to raise the Provisions brought in or demanded by Strangers, and those which grow and are consum'd in *France*, and if otherwise, all the Wealth of the Kingdom consisted in Lands, or in the Fruits of Industry; then all Proportions would be stop'd, and no Body suffer by augmenting the Price of Provisions.

The third Cause of Dearness is Consumprion, This is at the same Time a Mark of publick Wealth, and a Means of promoting it; 'tis that which brings Lands to a Value, and revives Industry.

Let's apply those three Causes of Dearness to our present Condition. That which prevails now partakes of all Three. The Scarceness of Provisions occasions it in part, the lowering of the Money increases it, and a greater Consumption occasion'd by the increase of Riches, contributes also very much towards it.

I dare venture to say, That we shall have no more Reason to dread the first Cause, which is Scarceness. The Company by their Funds, their Credit, Ships, and Correspondence, will be in a Condition either to prevent it, or to apply a speedy Remedy.

And whether the Dearth that proceeds from lowering the Coin be really hurtful or not? It will no more hurt us. The appointed Diminutions assures us, That in a little Time Foreigners will sell us a Third Cheaper than now, and the Credit of the Bank Bills being once established, secures us that we shall no more be oblig'd to have Resource to an Augmentation of our Specie.

But as to that Dearness which proceeds from Consumption, and which should rather be call'd the just value of Provisions, we ought to wish it may rather continue; it will last as long as the State flour-

flourishes, and all the Parts of it are reviv'd, and will support it self in the same Condition. No Body will suffer by it, when every Bodies Estate shall consist either in Land, or in the Effects of Industry, as the present System will fix it. Provisions will bear their full Value but in proportion to one another, and to each Man's Ability. When we have no Dearth to fear but what proceeds from Consumption, 'tis the same as to fear publick Opulence, since they must go hand in hand; for there can never be a general Consumption, without every bodies being in a condition to spend liberally.

The Second Use which the Company has made of its Funds, is to lend the King Money enough to pay the Debts of the State. By this Means they have acquir'd fix'd Revenues at three *per Cent.* They have put into Trade Funds that did not Circulate, and freed the King from a fourth part of the Annuities he ow'd to private Persons.

There is no room to doubt that this is good for the State in general, since 'tis thereby discharg'd from a quarter of the Annuities it ow'd; but we are now to examine, whether the Company has thereby prevented the laying out of Money upon real Estates, or ruin'd Annuitants.

Loans upon Lands, and Houses, are not only Useful but Necessary; they contribute to preserve, repair, and better the Funds. 'Tis true, they are a burden to the Debtor, and even impracticable when Interest is High. Then the Proprietor is forc'd to let his Estate perish for want of Money to repair it, or to see part of it go to others, because he can't pay the Interest of the Money he has borrow'd; and the State sees the best of their Lands perish under the length of a Sentence or Mortgage upon them, because there's no proportion betwixt the Value of their Product, and the Annuity paid on the Land.

The

The Reimbursement of Annuities by the Company redresses those Inconveniencies, it puts into Commerce a Fund that may be laid out on Lands and Houses, that that which it creates may concur thereunto. The Company also employs their Credit to lend at a very moderate Interest, makes Money easie to be had, more sure to the Creditors, and less burdensome to the Debtors. As to the Annuitants, who are the only Persons afraid of the present System, there was no Design to ruin them, but rather to enrich them. The Design was, that the Persons reimburs'd might purchase Actions, which the Company sold below the full Value, and that by securing to themselves a Revenue fixed against all Events, the King might be freed of his Debts, and the Annuitants enrich'd. This has actually happen'd to those who conform'd themselves to the Companies Design; but it has fallen out otherwise to many others, who not being accusom'd to make Reflexions upon Trade and Finances, did not come into a System which explain'd it self only by Degrees. It would be unjust to reckon this their Crime, and to charge 'em with Disaffection: To say so of People, frequently makes them so. If there were any such, let us leave them in that Confusion which they deserve, who believe no body but themselves.

'Twould be equally unjust to say, that the Annuitants are all lazy People and a burden to the State. Some of them imploy'd in the Government of publick Affairs, to administer Justice, to defend their Country, or to cultivate Sciences and Arts, have lent out their Money so as their particular Affairs did not hinder their publick Offices or Employments for the Glory of the Nation. Others again laid out their Money, hoping they might peaceably enjoy the Fruits of their Labours when their Strength would allow them to work no
more

more. This is the Estate of Widows, Orphans, Communities and Hospitals ; all those Annuityants deserve Favour. We ought also to have some Compassion on the weakness of those, who have neither Courage nor Industry to work, even if they had Strength.

'Tis true that the Annuityants are not the greatest Number, that many of them have reap'd Profit by the Advantages of the System, in laying out the Money reimburs'd them in Actions, or by bettering their other Estates ; and the rest, how few soever they be, are our Fellow-Subjects.

Those Annuityants, considering only their own Condition and the present Time, complain of a System which changes the State of their Affairs, and all good *Frenchmen* ought to be sensible of their Trouble ; but our Comfort lies in the same System that they complain of, therefore I dare the more boldly say, 'twill also be their Consolation, and that the System seems to be principally suited to their Circumstances.

Annuities have this Advantage, that they take up none of ones Time or Care, and this is what those who resolv'd to have such Estates did principally consider ; but they have also this Disadvantage, that they are not capable of increasing, as do Estates arising from Industry.

Actions partake of the Advantages both of Annuities and Industry, Annuityants becoming Actioniers or Sharers, may follow their important or agreeable Business, safely reposing for the Validity of their Stock on the Care of the Company, as being sure that their Agents can't deceive them. They will peaceably enjoy the Fruits of all that's done thro' the Kingdom in Commerce, the Bank, and Finances ; they will see the Fruits of it multiply every Day, and their Estates encrease in their Hands. They know the

Fountains of that Increase, to be the same which have made all the Fortunes that are now in the Kingdom. Let 'em not bound their Hopes for time to come by their present Dividends. The Company has receiv'd little Profit as yet from their Maritime Commerce. Their other Affairs in *France* are scarce yet put in Motion ; notwithstanding this, they are able already out of their Profits to give two $\frac{1}{2}$ Cent. on Shares of 2000. The Security of their State will be so much the better founded, because the Grandeur and Wealth of the King depends upon it. Their Fortune can henceforward receive no Shock but the whole Kingdom must suffer by it, and concur to redress it ; so that in the New System, their Condition will be as easie, more certain, and even more safe than hitherto.

These are the Reflections, Sir, which the Person to whom I communicated your two Letters made upon them ; they clear'd up some parts of them which affected me, because I did not well understand them. I hope they will not be unuseful as an Appendix to your two Letters, but I leave you to make what use of them you please, and am, &c.



III. LETTER, *which treats further of Annuities and Credit, and explains the Use of Money in general, and the Advantages of Bank Money in particular,*

S I R,

I Am extremely glad, not as an Author, but as a Subject, that my Letters have been well receiv'd in your Province, and that they have gain'd over most of those to whom you communicated them, to favour the System. I shall no longer be surpriz'd to think that they met with Opposition, it being not reasonable that my Letters should fare better than the Cause they defend. There is even a great Number of Gainstayers whom there is no hopes of convincing, who either never set their Minds to examine Things, or who, notwithstanding Explications and Illustrations, which they do comprehend, are willing to support the Arguments they brought against the System, at a time when they did not understand it. I only propose to furnish those who are well inclin'd, with Arguments against the profess'd Declaimers. Nothing more confounds and mortifies Men of this Stamp, than when they are reduc'd to Reasoning, and sunk in their Credit before the Companies and Assemblies which they have stunn'd with their Clamour. But there is another sort of People who deserve Regard ; they are such

who really suffer by the System, and who have lost great part of their Revenue by the Suppression of the Annuities.

'Tis for their sakes that I find my self engaged to take up the Subject again, and to shew to them in all its Views a System, which as yet they cannot relish. It is very difficult to perceive the good of a general Settlement, how good soever in reality it be, when that Settlement personally incommodes us, and there seems to be much more Authority for Complaints when they are common to a whole set of Men, of which we make a part, then we are sure to look upon that Order of Men as the most important in the State, from a Principle of Self-love, and as the most numerous too, which often proceeds from a Mistake in Fact.

This is exactly the Case of those who complain of the Reimbursements; they take it ill that the State should do that which they never failed to do for their own Interest when it was in their Power. Some are unreasonable enough to say, that the Bankruptcy of all the King's Paper would be better than the Suppression of the Annuities. This is as much as to say, that another Order of Men should have been totally ruin'd, rather than that they should lose any part of their Revenues; for it is a very strange thing to see the Confidence with which every one lays down his selfish Whimies instead of the System, and to see that Arrogance with which they attack it by Discourses without Sense. I was once in Company where I said, that the Benefit of Circulation which was establish'd in the Kingdom, would naturally lessen the number of Law-Suits: And I added, That I had a List of 260 odd Estates in Land or Houses which were adjudg'd to be sold, and which this System disengag'd, to the Satisfaction of both Creditors and Debtors, who were both like to be ruin'd

in'd by the tediousness of the Suit : But a Declaimer stood up and answer'd pertly, If Suits in Law are suppress'd all is lost, for the *French* are Litigious. This now is the Sample of most of those Objections which I hear rais'd against the System, and which are, in my Opinion, a great Proof of its Goodness.

As for Instance, touching the Reimbursements, to which I now return ; I do not dispute the Rank and Dignity of most of those who complain of them, but I shall tell them no new thing, and what they have not themselves said more than once, when I assert, that in respect of the publick Weal, the most considerable part of the State is compos'd of Labourers and Workmen, or of Country People and Townsfolks, to whom must be added Merchants. There's the Fountain of all the Riches of a Kingdom, and what supports all the other Orders of Inhabitants or Subjects. Perhaps it will not be deny'd me that this first Class is also the most numerous ; now I would fain know, Whether their Estate lies in Annuities, and whether it suffers by the Reimbursements ? I ask likewise, Whether the System in its approv'd Beginnings, and its well known Views, be not proper to cause the Cultivation of Lands, the making of Manufactures, and the improving of Commerce ? I here omit the infinite Number of those who get their Subsistence immediately by the King's Money, and who have gain'd that Ease by the present Situation of Things, which they formerly lost more than once.

When it was promised that the System would enrich the Kingdom, this Promise did not signify that it would preserve Riches in the Hands of those particular Persons that were the present Possessors, especially if those very Men should be obstinate in taking Measures directly opposite to those set on
foot

foot by the State, and in running down the Credit of Government all that they could by their Discourse and their Conduct. 'Tis enough that the Publick is become rich, and to find that it is so, one need only enter any where into the Houses of private Men, and see the Gates and the Avenues of the Rendezvouses for Walks and Shews, as one only passes the Streets of *Paris*.

I am not ignorant of the odious Characters which some give to that sort of Men (to use their own Words) who have made their Fortune; neither am I ignorant of the prodigious Number of Great Noblemen, and Persons of the highest Rank whom the System has enrich'd, and the mildest Answer I can give to those Declaimers, is to tell them, that they are in all respects very ill inform'd. However, the Door of Wealth has been set open to every Body, and herein consists the main Difference betwixt the Fortunes rais'd by the old Administration, and those made by this. Persons of Distinction did not enter into Business; besides, every one that would was not receiv'd. I only pity those who having a Design to purchase Actions did not receive their Reimbursements soon enough, and this Number is but very small; but they are far from having lost all Opportunity, they may still come in time, if they will, to get more Riches by the Actions than they did by their Annuities.

The Difference between your Condition in the New System, and that which you would have been in, if it had never been, consists then in this, that you had a great Revenue in Name, of which you receiv'd very little, and of which, at last, you would have lost all; whereas now you have a Fund, which tho' it brings you in little, the Income of it will be sure, however you lay it out, and will increase if you purchase Actions or Shares.

I shall further tell the Annuitants, and especially those who complain that their Annuities are reduced to 2 $\frac{1}{2}$ Cent. that the usual Annuities being settled on Funds which produce less than the Annuity; and those granted by the King upon Funds that were sunk at the very Time of the Loan, the natural Consequence of 'em was not a Reimbursement but a Bankruptcy, and had it not been for the System, we should have seen it so before now. The Annuities were already reduc'd in the Reign of the late King; and if People would consider it, they might easily perceive in that Reduction a monstrous Contradiction, which foretold the approaching Ruin of the Kingdom. What was the Reason of that Reduction of Annuities? Not as now, the Multiplication, and the easy Circulation of Species, but on the contrary, the scarceness and intercepting of Money. Now, according to all the Principles of common Sense, that should have rather heightened than sunk Interest, ought not Money, like all other Merchandize, be so much the dearer, as it is scarcer, and more called for? How then could the King pretend to pay less? Therefore to restore his Credit that was lost, by diminishing the Interest of the Funds which he had in his Hands, he was obliged to pay that Interest, low as it was, and to create other Funds at a very high Interest; and further, on his first pressing Occasion, he borrowed Money from wealthy People, one 4th in Silver, and the other $\frac{3}{4}$ ths in Bills, of which he himself had ruined the Credit, by refusing them at his Offices of Receipt, and paid 15 or 20 $\frac{1}{2}$ Cent. for the total. What then must have become of the Rents of the City? When the Imposts on the Entry of Goods were not paid but with extraordinary Difficulty, which tended to make them of no Value.

Both

Both publick and private Annuities, taken on the antient Foot, hurt the Lender, the Borrower, and the State: They hurt the Lender, even by an excess of present Gain, which threatened him at last with a total Bankruptcy. They hurt the Borrower by the high Interest, which we prove to have been excessive, so that even in unsuspected Times you might have frequently heard it said, as I have done, that no Annuities could stand above Thirty Years without ruining the Borrower, by Decrees of Sale obtained against his Lands. I know very well the Patrons of Annuities say, that the Borrower brought his Affairs in order with the Sum he received, so that he actually discharged himself of a Debt, or some other Incumbrance, or purchased the Rank of Honour which is valuable among Men, after which he put himself into a Condition by his good Husbandry, to reimburse his Creditor. I make no doubt but every Borrower upon Annuities, who does not ruin himself, uses all his Dexterity to rid himself of his Incumbrance as soon as he can, and makes use of his other Revenues to free himself from his Debts. All this makes for me, and against Contracts for Annuities? If he who borrows upon Annuities does not find enough in the Land upon which the Money is lent to save himself, or, at least to pay easily the Annuity with which he is charged, this is enough for me to charge that Annuity for Excess; for, in a Word, it appears true by the very Objection, that your Money lent will ruin any Man from whom you demand a greater Interest than the Revenue of the Land upon which it is lent, if he has no other Estate, or does not raise his Money from some other Estate that does not at all belong to you. In the last Place, Annuities are hurtful to the State, because they not only ruin an infinite Number of Debtors and Creditors, but
also

also because they divert from Work and Business, particular Persons who have but small Estates, and whom the Conveniency of an Annuity throws into, and supports in Idleness. The same Reasons were urged in the Edict of the late King of 1665, for Reducing the Interest of the 18th to the 20th Penny, under the Ministry of M. Colbert. For I defy any Man to find one reasonable, solid, or advantagious Principle, in any Administration, *French* or Foreign, that may not be employed both more directly, and more effectually in the new System, than even in the Administration from whence that Principle shall be taken. I may venture to say further, that the most reasonable Use of Loans upon Annuities, which was the repairing of Lands and Houses, is answered by the Loan which the King has promis'd to make at Two $\frac{1}{2}$ Cent. on all real Estates.

I confess that the Extinction or Diminution of Annuities, brings an Inconvenience upon those who are reimbursed, or cannot further lend out their Money but at a very low Interest. This is one of those particular Inconveniencies which proceed necessarily from the publick Welfare. If the Estates of the Realm could be put into such an Order as most Law-Suits would be prevented, or changed into such summary Causes as are pleaded before Consuls, would not every one bless a Reign, or Ministry, that should procure this Happiness to *France*? Yet what a vast Number of Families is there in all Parts of the Kingdom, who have no Subsistence but by Law-Suits and Chicaning. The Widows and Children of most of the Practitioners in Law would run a hazard of losing their Dowries, or what they expect from their Parents, by such a Reform. This would be the Case when it might be proper to say, If Law-Suits be extinguish'd all's lost, for the *French* are given to Law.

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There is only one Answer, however, which could be returned to this Objection. Those who followed such Professions would in Time take to some other way of Living, or at least make their Children do so. And in the mean Time, the Body of the Nation would perhaps be delivered from the greatest of all its Annoyances.

Thus when one says to me, How many Persons are imbarressed by the Extinction of Annuities? All I answer is, that this is occasioned by the Face of the Publick's being so far changed, that almost no Body now is under a Necessity to borrow, or if any be, Money is become so plenty, and the Circulation of it so easy, that it may be almost had for nothing. Would you have me to be sorry at such an Event, especially when the Prince offers every Body a much greater Security by Commerce than Annuities, and is willing to secure by a Depositum in the Bank, and by other Precautions, the Estates of the Clergy, of Communities, Widows and Minors? Do you require that the King and your Fellow-Subjects should still continue over-whelmed with Wants, not to make you more easy, for you are far from being so, but to give you a Revenue agreeable to your Prevention and Custom? And how did Men in former Days? 'Tis well enough known, that it was long before Annuities were allowed by the *Roman Law*. All the Nations of Antiquity, who made themselves famous either by their Laws or Riches, knew no other ordinary lawful Estates but Lands and Trade, and even at this Day, Annuities are little used, except in *France*; and even here it was not so common till of late Years. Those People, at least, who understand Trade, shew little Favour to Interest, and always keep it very low. What, in reality, can we think of one Part of the Subjects, who live and subsist in Ease upon lending Money

Money to others, who ruin themselves by it? I know very well, that a Law granted them by Indulgence, and after many Difficulties saves them, provided they alienate the Fund, from positive Usury, with which I do not charge them. But pray, what is this Alienation? It is not to be performed but under Condition of a most rigorous Payment of Arrears; and a Sum of Money lent upon a Fund mortgaged for it, is really less alienated than a Sum lent upon a single Note for Six Months.

But in fine, we may say further to the Annuitants, lend your Money at what Interest you can if you find Borrowers. But on the other Hand, will the King, who is preparing to be able to lend Money himself, suffer that in the mean Time his Subjects shall be squeez'd by too high an Interest? Would you give him this Advice if he called you to his Council? He is willing his Subjects should be informed, that all Borrowing upon Interest, how small soever it be, is disadvantageous to the Borrowers, and that it would be better for them even not to borrow from him, tho' he designs to lower Interest more and more. He invites them to proportion their Ambition and Enterprizes to their present Fortune, and says, that by avoiding as much as they can to borrow Money, they shall be in a Condition to advance themselves afterwards more surely. That the Lenders, on the other Hand, instead of seeking for indigent or imprudent People to drown them in Debt, place their Money in the publick Society of Commerce, lately established. This is a way of using Money which is exempted by its own Nature, from all Suspicion of Usury, and which the Laws, Natural, Civil, and Ecclesiastical, have always equally permitted and approved, and which will enrich those who do so, by contributing to the general Welfare of the Nation.

I shall only give a brief Answer to the Objection, That an Estate in Paper is easily wasted. This Inconvenience is no other than what Merchants, Men of Business, and even private Persons, who carry their Estates in their Pocket Books, have always been subject to. But further, to answer one Inconveniency with another, I would make no doubt, for the sake of the Publick, to choose this Way of losing an Estate, before that of Law-Suits, of which Annuities are an inexhaustible Fountain. An Estate is not lost by Dissipation or Wastefulness, but thro' voluntary Imprudence, whereas, in spite of all a Man can do, and without any Fault of his, he is frequently ruined by Law-Suits.

I doubt not, Sir, but you stopped at the Place, where I said that Actions are surer than Annuities. I think I have proved that Annuities were very unsure. The almost general Bankruptcy which would have happened, unless for the System, may pass for a Supposition, but the difficulty of receiving Annuities at the end of the last Reign, cannot yet be forgot by you. The Matter then is to prove, that Actions are sure, and to go further, that they make the surest of all Revenues.

I don't pretend here to combat the Advantages of real Estates. Never any System did favour them so much as this; whereas the Imposition of Taxes frighten'd the Peasant from improving his Land, and stocking it with Cattle, lest he should be taxed in a greater Sum on the Roll; but the Change made by the New System in the King's Imposts, will engage every one to cultivate their Lands to the utmost, for the producing of every thing. This peaceable and easie way of living, will multiply the People of the Kingdom, and invite others from foreign Parts; this gradual Augmentation will more and more raise the value

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of Houses in Cities, especially in the Capital. We may also say, that whereas the Old Administration furnish'd nothing but tended daily to the Desolation and Destruction of every thing, the New System is so happy, that both the Confidence and Diffidence which People shew with respect to it, turn equally to the Advantage of the Kingdom : The Confidence in it, brings Funds in- to Commerce, and the Diffidence of it, occasions the Cultivation of Lands, and the Building of Houses. And further, the System furnishes even the Ungrateful with Means to act the part they chuse. But in short, to say nothing of the Inequality of Annual Harvests, the ordinary Ex- pence upon most part of Land eats up almost all their Income, and every one knows the short Duration of the Houses of private Persons, be- sides the frequent Reparations, and sometimes Re- buildings, to which all of 'em are subject. It is not so with the Revenues founded on a Commerce so ample and so mighty as *France* is able to under- take and maintain : We don't pretend to be ex- empted from Dangers by Sea, but the Loss of a Ship, which frequently ruins a private Merchant, will scarce be felt by a whole Nation ; not only one Fleet makes good the Loss of another, but one Year does the like ; and what are we not to expect from the Power of a Nation ? I do not mean here the Power of our Arms to defend us against our Enemies, so much as I do the Power of our Commerce, in which those who would be natu- rally our Enemies, will be obliged to interest themselves. A small Trader, who by Envy would be inclined to destroy a great Trader, quickly finds it his Interest to join with him, and fortify him still more. It has been long known, that in Matters of Trade, the heaviest Purse attracts all, and leaves nothing to others but Commissions. I
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only touch here upon the first Views of this Subject, Time will extend it farther.

But I can now give you the Reason of the Sureness of Stocks, and of the Payment of Dividends, which is the Facility the State will have to pay them by the Use of the Credit and Money of the Bank. Every Creditor looks for two Qualities in his Debtor, *viz.* that he be willing and able to pay; for without these two, even forceable Means serves only to hasten the Bankruptcy of the Debtor, and to put the Creditor to new Charge. With respect to the King, against whom there is no Force, one runs always the same Risk as to his Good Will in every Administration. The only Question then is, as to the Capacity of paying; and to speak the Truth, Kings have never fail'd, and never will fail in the Payment of their Debts, except where there is an Impossibility to answer them. The great Need they have of Credit, whether on a good or bad Regulation, or well or ill govern'd, will always engage them to keep it up as much as they can.

The best System therefore, without contradiction, will be that which more certainly puts the Prince in a condition to pay off, with the greater ease, all his Debts, which at present are only his Expences. Perhaps I may be told by the way, that this very Facility which the Prince will find for his Expences, may throw us into great Inconveniences. I answer all Objections of this Nature in general, when I say, that I do not answer Persons, I only answer for the System. But moreover, Expences which do not amount to Debts, are not hurtful in the Prince; now the System is more proper than any other Administration that is known, to provide for the one, and prevent the other: This is all that can be requir'd.

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Besides, those who raise the Objection, do admit that the System is a true Fountain of Wealth. These are not the Persons with whom we have now to do, therefore I come to those, who pretend that Paper substituted in the room of Money, has filled the Kingdom with only a false and chimerical Wealth.

The Answer to this Objection or Reproach, is the chief Subject of this Third Letter, in the remaining part of which, you have something newer still than what you met with in the Two first. In the mean time all that is new, shall only be founded upon the most ancient Principles of State Policy, upon the first Institution of Money, and upon the Experience of all Nations of the Insufficiency and Inconveniencies of the Use of Gold and Silver only for Circulation and Commerce.

I firmly believe that no System can be good which is not founded upon undeniable Maxims, and admitted by all Men, that make any use of their Reason. Philosophy it self sets us above many vulgar Opinions, only by referring us to Reason and to common Sense, which are generally very contrary to them. The Difference betwixt a Philosopher and a prejudic'd Person, betwixt a true Taste and false one, betwixt a Man who thinks and reasons, and him who declaims and flies out, is not, that the one admits of the Principles propos'd, and that the other does not admit of them, for commonly they both admit them; but the former having once admitted a Principle never departs from it, he makes whatever he says depend upon it, he looks upon whatever arises by necessary Consequence from this Principle as a certain Truth, whether the Proposition be old or new, whether it be receiv'd by all the World, or by no body. Now the prejudic'd
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Person does not govern himself after this manner, when he is led from an allowed Principle to a new Truth, he first denies it by endeavouring to cover his Shame with Clamour, Reproach, and especially with false and scandalous Suggestions; then he is frighted at every thing that offers it self to him in the shape of Reason, and scruples not to say, that there are many Matters in which Reason is of no Use, and wherein common Opinion, Custom, or even an antiquated Error, ought to have the Decision. Nevertheless, the Truth forces its way thro' all those Obstacles, and by degrees, becomes the common Opinion, because it is founded upon Principles of common Sense. The Publick quickly sees that there is nothing new in the System which is attack'd, but a mixture of Party Prejudices, and the ignorant Absurdity of most of the Objections rais'd against it; What then does the prejudic'd Man say when he finds himself confounded by the Effects which he did not foresee in the Cause? He thinks to come off by saying, that the System has nothing in it that is new, or which has not been known time out of mind. Here he speaks a little more Truth than before; for 'tis the same with what *Des Cartes's* Enemies say, that there is nothing in him but what may be met with in *Plato* and *Aristotle*.

This being suppos'd, I pray you to remember a common Principle, which you have undoubtedly granted me on reading my First Letter, viz. That Credit is the greatest Riches of a Trader; from whence I conclude, that it must be the greatest Resource, and the greatest Strength of a State. If when the *Dutch* prescribed a Law to us at *Gertruydenburg*, any one could have oblig'd them to give up their Credit, and to reduce themselves to their Species, they would have been forc'd upon

upon the Spot to have yeilded us the Cause ; for 'tis only by Credit that small State, which has much less Money than we, has supported it self against the Power of our Arms, and always came off with Honour in Treaties of Peace.

The chief Use of Credit is to represent Money by Paper, and this Use may pass for one of those popular Institutions, whose Author is not known, or rather, which had no particular Author. Ever since Commerce was settled among Men, he who had occasion for Money, or could not find it to pay what he ow'd, drew a Bill in lieu of that Money, wherewith the Creditor was satisfy'd. 'Tis plain that this Practice considerably multiplies the Species that is wanted, and which could never have sufficed without Credit ; so that one may be assured that there are a great many more good and valid Bills current in Trade, than there is Money in all the Trading-cash together. This Use of Paper went also further among the Merchants ; for their Bills pass'd from place to place, and often caus'd an infinite deal of Business to be dispatch'd before they came back to the Drawer ; so that their Bills answer'd for as many Sums of Money, as were necessary for them to have, to whom they were transmitted.

The System has done nothing else in this Respect, but to make the general Beginning at the King, of that which Nature, or if we may so call it, local Motion, and the Necessity of things, had introduc'd among private Men ; so that instead of looking upon the System as an intolerable Novelty, I am astonish'd that this alone was not establish'd long ago. 'Tis certain at least, that no State hitherto has been well or ill supported, but as it has shared in it more or less.

The generality of Men will not fail to say upon this Head, that the Credit of a particular Bill

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is maintain'd and preserv'd by the Liberty of its being accepted ; but I assert on the contrary, that the Credit of such a Bill is doubtful, and its Circulation limited, only because its Acceptance is free. In a word, the first Man who refuses it without so much as a Reason express'd, makes it to be fear'd, lest the Drawer of the Bill being a private Man, and subject not only to the publick Embarrassment of State Affairs, but to the secret Embarrassment of his own Affairs, should not have the Sum mention'd in his Bill. This stops the Circulation of it, and causes it to be sent back immediately to the Drawer ; whereas, if every body was oblig'd to accept it, it might possibly never return thither again, and consequently the Drawer be never oblig'd to pay it.

This first Proposition is so plain that I should be asham'd to prove it, if there were not some Persons deeply versed in Business, who incessantly reproach the present Government with forc'd Credit ; as if there was any general Credit which was not founded upon Statutes and a Law. Money it self has need thereof for Circulation, and we have been oblig'd more than once to have recourse to the Magistrate, to make some private Men accept of certain Species, or of Species at a certain rate, 'Tis this very Constraint, which is the Cause of the publick Confidence, since the generality would never accept any Coin or Paper which any one Man should have the Liberty to refuse. I have sometimes heard you your self complain, that Arrets upon things of this nature were not soon enough known in the Country to quiet the Minds of the People. Now nothing better denotes the Truth of a System than when Men, without considering it, and even by attacking it, say such things continually as are agreeable to it : Therefore 'tis the want of such an Authority

city or general Law, which confines the Commerce of private Persons to such narrow Bounds ; for no body but the Sovereign (as I said in my former) can have real Credit, while private Traders must always be content with the Shadow of it. This one thing shews what was the weak Side of a Government, where meer Burghers could insolently boast, that they had more Credit than the King, because the King only made use of his Credit to borrow as well as they Sums which he did not pay as they did ; whereas, the Credit of a Sovereign consists in paying validly even by his Promise, what private Men cannot do by theirs.

But at last perhaps you will tell me, that you cannot comprehend with all your Ingenuity, how 'tis possible that Paper can be good Payment for Merchandise, and that tho' it might serve you to have it, yet the last Bearer of the Bill would certainly be a Loser ; I might answer at once, that Circulation being establish'd, the last Bearer of the Bill cannot be a Loser. But there's a more substantial and decisive Answer as follows :

There is no real Riches among Men but Provisions and Merchandise, and no real Commerce but the Barter of such Provisions or Merchandise. Gold, Silver, Copper, Bills, Shells mark'd and strung, which are used in certain Coasts of *Africa*, these are only representative Riches, or the Signs by which real Riches are transmitted. Those who are Owners of Lands where such Provisions or Merchandise are produc'd, or rather those who go for them into such Lands or Waters as do not properly belong to any body, all such, by delivering the said Provisions or Merchandise to those who desire them, have a Right to receive from them some other Effects in Exchange ; but forasmuch as it often happens the latter have not wherewith to supply the former, they give the former

in the Sign of Transmission, be what it will, a certain Recognizance undeterminate as to the nature of the Effects they have received, but determinate as to their value, so that I look upon a Crown-piece it self, as a Bill drawn up in these Terms. *Any Selier may give the Bearer what Provisions or Merchandise he wants to the value of three Livres, in consideration of other Provisions or Merchandise of the same value given to me, and the Effigies of the Prince, or any other publick Stamp, may serve for the Signature.*

Therefore all the Signs of Transmission are equal or indifferent so far as they represent all sorts of Effects, and so far as they are the common Standard of their Price and Value. If Provisions were on such a footing, that in case there was no Sign of Transmission, I should give ten Quarters of Corn for a Hogshead of Wine, I should when the Signs of Transmission are settled, give but one Hogshead for five Quarters of Corn, when I give ten Quarters for a Hogshead of Wine; this is easily understood, and shews you, that tho' the Bank Bill should never produce Money, which is an Impossibility, no Bearer of such Bill could be a Loser, because he has the same Title to a proper Merchandise as the first who receiv'd it. The Point to be consider'd now is, what are the most convenient Signs of Transmission in a State.

The Sign of Transmission may be placed upon Matters which are in themselves of no value, or so small, as not to deserve regard, as Paper and Shells; or else it may be placed upon Matters which are in themselves a considerable Merchandise, as particularly Metals; and out of this Merchandise such may be chose as are the Produce of the Kingdom, as Iron and Copper; or what comes from abroad, as Gold and Silver.

Metals were used betimes to serve as Signs of Transmiffion, or Money; in the first Place, Because they are unalterable to a certain degree, and do not waste by passing continually from one Hand to another. And, in the second Place, Because they are exactly divisible, and may consequently serve as a just Measure for the meanest Merchandize. Men began with Iron and Copper, which is found almost every where, for it was not natural to make what is only imported from Abroad the Sign of Transmiffion, for domestick Merchandize. I am very sensible that the People who possess Mines of Gold and Silver, were eager to make Advantage of other People's Fondness for those two shining Metals. This Temptation procured infinite Advantages to the Possessors, by drawing to them, as a Tribute, the Merchandize of other Nations, but it laid the People, so corrupted, under a terrible Inconveniency, *viz.* The frequent, and almost continual want of a sufficient Quantity of Bullion for the Signs of Transmiffion, necessary for the Commerce already established among them; so that many of 'em, for want of the Signs which they ought to have, and to which they have a Title, could not buy the Goods they wanted, tho' they had abundance in their own Country. The Inconveniency is still greater, when even the Prince is destitute of those Signs of Transmiffion, because not to mention the general, and sometimes sudden Expence, which the Preservation of his State requires, the greatest part of his Subjects subsist by the Salaries or Wages which he gives them. Now this want of Bullion proceeds commonly from the manifest Covetousness of Neighbours, and the blind Diffidence of the Subjects. The Neighbours being likewise lovers of Gold and Silver, have an infinite Number of Stratagems to draw it to themselves, by

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corrupting some, even of the Subjects, with unlawful and criminal Gain. Or else, the Subjects, without dipping into such Misdemeanors, hoard up those Signs of Transmission as a real Treasure, being induced to it by some Motive of Fear or Distrust, which I always call blind, because it stops a Circulation that puts a State to a loss, and which is more likely than any Thing else, to bring that Poverty which they fear, both upon others and themselves.

But here is a sovereign Remedy for this Evil, *viz.* the giving Men a Sign of Transmission, the Matter of which is their own Product, and which the Prince can either augment or diminish, according to the Necessities of the State and Commerce, and which especially is intrinsically of no Value at all. That's the main Article on which I pretend to rely. Gold and Silver are naturally Merchandize as well as other Things. That Part of them made into Coin was always appropriated to this Use, and Goldsmiths were never permitted to buy up the Louis d' Or of Gold or Silver, and melt them. So that all this part was taken out of the common Trade by a Law which had its Reasons in the antient Government, but is in it self disadvantageous. 'Tis as if part of the Woollens and Silks in the Kingdom were appropriated for the Tokens of Transmission. Would not People be more easy if they were put to their natural Use, and if the Signs of Transmission were applied to Matters which in themselves would serve for nothing? But the greatest Advantage of Signs applied to Matters of this Nature is, that there would be no Temptation to divert them from their proper Design, which is Circulation.

The Prince has a direct Power over those who hoard up and conceal the Species, because they only belong to private Persons for Circulation,
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and they are forbid to appropriate them in any other Sense. I am well enough pleased to repeat and explain this Proposition of my last Letter, because you tell me it surprized and offended some Persons, tho' there is not a truer Proposition in Politicks. I did not say that it was lawful for a Prince to call in all the Species of his Kingdom to appropriate them to himself, and leave his Subjects none of them. This is what the Old Government did in part in the Recoinage, which occasion'd the Money Bills. But all the Species of the Kingdom belong to the State, represented in *France* by the King; and they belong to him exactly like the Highways, not to include them in his Domains, but to hinder others from including them in theirs; and as it is lawful for the King, and none but the King, to alter the great Roads for the Conveniency of the Publick, of which he is the only Judge, by himself, or by his Officers, so it is lawful for him to change the Species of Gold and Silver into other Signs of Transmission more advantagious for the Publick, and to receive them himself as he receives the others; and this is the Case of the present Government. In the mean Time, as long as the Species of Gold and Silver bear the Effigies of the Prince, or the publick Mark, and as long as those who hoard them up regard them as the Signs of Transmission, so long the Prince has full Power to oblige them to give them out, as Persons who do not make that Use of the Species for which it is designed. The Prince would have the same Right over Estates, that belong to you in full Property, and may oblige you to sow your Lands, and to repair the Houses which you have in a City, on pain of losing them, because in the main, your Estates are only yours on Condition, that you make such Use of them as is fit for the Society. But in fine, it is
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still better, for avoiding Inquiries, and Confiscations in Money Matters, to trace the Evil to its very Source, and to give Men such Money only as they shall have no Temptation to hoard up.

Paper then fully answers all the Conditions which we look for in Matters of Money. 'Tis safe enough from being altered, since it may be easily changed at the Bank when 'tis worn, 'tis exactly divisible by the Value contained in the Bill, and the small Silver Coin which will always be left in Trade, supplies the small Divisions necessary for the Occasions of Life. It is taken in *France*, and the Prince is always Judge of its Quantity, according to the Necessities of the State. Lastly, 'Tis not in it self of any Value worth setting to Account.

The Bank Bills have also another Advantage, which furnish us with more Reflections, *viz.* That being convertible into Species, it has a twofold Use at the Pleasure of the Bearer, the one to serve in the Purchase of Lands or Merchandize, and the other to produce Money. As the *French* are not yet accustomed to the Usefulness of Credit, some have thought it hard that they should be forbid to have above Five Hundred Livres in Specie, and that they should be ordered to make all Payments of above One Hundred Livres in Bank Bills. These two Practices are nevertheless authorized by the Example of our Neighbours, who knew Credit before us. I do not speak only of the Confiscation of Species which has been used in all Dominions, and in *France* it self, by no other Motive but the restoring Circulation when stopp'd. But ever since the first Establishment of the Bank of *Amsterdam* in 1609, private Persons have been forbid to take any Sum of Money in Payment of above Three Hundred Florins. Without this Rule, the Institution of Credit would have signify'd nothing,
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and would have had neither its natural Extent, nor its chief Conveniency. The principal Advantage of a Bank Bill is to make great Payments, while the Species of Silver makes middling ones, and Copper Money the least. Now, as there has been a Prohibition in *France* so much as to pay away Copper Money to the Value of above One Hundred Sous, there ought to be a Prohibition to pay away above a certain Sum in Silver Money, and the Bank Bill should answer all the Overplus. That's the only Method to keep the three Sorts of Money in a convenient Circulation, and in that Gradation of Credit which they mutually lend each other. Bank Bills would not be taken if they did not produce Silver for middling Payments, nor would Silver be taken if it did not produce Money for the least. But as to that Matter, what would you think of a Man, who having a Million of Crowns by him in ready Money, should undertake to change them all on one Day into Copper Money? You would say to him, without doubt, "Ho, what do you mean to do with that Heap?" "Would you exhaust a whole Province for a meer Whim? Is it not enough for you to be able to change some of your Crowns, one after another, for your daily Occasions? You will never lay out all that Sum in small Expences, and I advise you to keep the greatest part of it for Payments or Purchases, which you can only make with Silver Money." This is what every one ought to answer to himself, when the *French* were so eager to realize all their Actions, and all their Bank Bills. But as the Majority of Mankind consists of the Vulgar, and such as are Children to new Establishments, they must be led by Authority to that Point to which Reason raises Men of Years and Parts all at once. In the main all Nations resemble one another in their Weaknesses.

From the very Day that the Bank of *Amsterdam* was erected into a publick Bank, it has been exposed to the same Contradictions, and the same Attacks, with ours. The Republick was obliged to defend it by such Laws as rather increased the Murmurings, and its Ministers have at length established its Credit by Methods which the ignorant Censors looked upon as Signs of its Weakness and Fear.

Therefore the Man, who in such a Kingdom as *France*, where publick Commerce is newly set on Foot, declaims against the Publick Bill, or the Bank Bill, is in the first Place as ridiculous, as he who in a private Trade in which himself was concerned, should declaim against Bills of Exchange, and the other Trading Bills of Bankers and Merchants. Secondly, He is as ridiculous as the Man who would keep a City of Trade, and immense Riches, in the bare Use of Copper Money, on pretence, that when it drove no Trade at all, it had no other Money than that which nevertheless was not then sufficient for it.

I know not whether you will not start an Objection here, which I am told is raised by many. Our Bank Bills, say they, may be good at Home, but what will become of Commerce with Foreigners? I might answer, That never any Kingdom was better able to subsist without Foreigners than this; but I go farther, and add, that 'tis impossible for Foreigners to do without us. Nay, I must look upon *France* as the principal Staple of Commerce, the general Bank of *Europe*, and perhaps of the other Parts of the World. To consider only the natural Product of our Soil, we have always deliver'd more Merchandize to our Neighbours, than we have received from them. And setting aside the Diamonds which the new money'd Men have bought of Foreigners, who are nevertheless
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actually paid, the Balance generally speaking has been to our Advantage; that is to say, at the end of the Accompt they have always owed us Money. If this Advantage ought to take Place yet more hereafter, Foreigners will always be obliged to send to us the Funds of Gold and Silver which they will owe us for the Balance, as the King has lately done on their Account, to put *France* out of Debt to them; so that the Bank Bill makes no Alteration in the Commerce with Foreigners; or, if at last Foreigners take our Bills, or our Actions, as the Value of them remains in the Kingdom, they will be obliged to bring them back to be paid, or to lay them out in the Merchandize of *France*. In a Word, our Paper Credit cannot be in their Hands without making them *Frenchmen* in some sort, and without interesting them in our Credit and Commerce. Foreigners themselves have taught us to look upon our Bank Bills as real Money, for their Gain or Loss was always with them exactly answerable to the Rate of the Exchange upon Gold and Silver. They have gained 25 $\frac{1}{2}$ Cent. they afterwards lost it, and, in fine, they got up again to Par, and above Par, just as the Gold and Silver.

Whatever Impression, whether strong or weak, what I have said in this and my two former Letters, may have made upon your Mind, or however you are affected thereby, whether well or ill, the System is established. It has with great Difficulty surmounted the Obstacles raised against it, and the King and the Publick are so far engaged in it, that I dare say, 'tis not possible either for the King or the Publick to destroy it. This is the Advantage of all Systems founded upon Truth and Nature. At first People do not easily comprehend them, but when they have once obtained, nothing can eradicate them. If they want to be

corrected and compleated, it must be either by their own Principles, or by themselves. This has moreover this Advantage, that being a practical System, it has so nicely taken in all the Members of the State, that 'tis impossible they can be disingaged from them.

The *India Company* has acquitted the King by taking his Debts upon themselves, and brings him in moreover Twenty Millions a Year clear Money. If the King does but shake the System, he loses his Twenty Millions, loads himself again with all his Debts, and surcharges himself with all those which he incurred with respect to the Bank Bills and Actions. He has a Credit which is already ten Times more than his Species. From the very Day that he should ruin the System, all his Species would be dispersed in indispensable Debts, and they would not have Time to come from the Bank to the Royal Treasure, therefore the most sensible Enemies of the System even wish that the King may never give it up. On the other Hand, the Publick is gone into it intirely, by a Choice which becomes every Day more necessary ; and since the System has enriched many, even of those who have not taken Actions, its Ruin would equally involve both the one and the other.

Therefore when I said in my former Letters, that to make valid a System of Credit, nothing was wanting but Peoples going into it, I did not pretend to say, that the Establishment, or Success of the System, depended on private Persons ; I only advised them to come into it for their own Advantage. No Body could say so much for the Old Administration ; for Peoples going into it, was not enough for them to find their Account in it. How well disposed, or how capable soever were the Ministers who undertook it, all their Care was only
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to lessen the Defect of the Fund of which they were not the Authors, and to have as little recourse as possible to Imposts and Loans, a Resource as ruinous to the King, as cruel to all Orders of the State without Exception; so that the Principles of the old Administration were such, as could never be made use of for a good End! Whatever they were, it was never the part of a Man of Sense to strive against the Government, because the Prince always finds a way to ruin those that resist him; what shall we think then of those who murmur against a New System which has so much enrich'd those that came into it, and which has since assum'd a visible and constant Form, which by its own Nature secures a more certain Establishment than the Annuities, and such an Establishment as may and will grow, whereas the Annuities could never but diminish, and are sunk?

There are some Annuitants who keep their Reimbursements in Bank Bills instead of taking Actions, which produce a Dividend, and who then complain, that what Estates they have now, bring them in nothing. They tell Lies for the Publick, and 'tis their own Fault if they don't lie for themselves when they please. The Actions, say they, are only an imaginary Estate; but in truth, they don't perceive that the Credit of the Bank Bills is of the same nature with that of the Actions, and that they even derive their Value from that of the Actions. Some pretend, that those ought to have been kept for all the Annuitants of the Town-house. As to abandoning the Actions to the Course of the Place, there were 1000 substantial Reasons for it with respect to the Actions themselves, which such Reserves and Delays would have deprived of all Favour, Credit, and Revenue; but can one regret the not
having

having kept them for Persons, who even at this day only call them a Chimerical Estate ?

It must nevertheless be granted to the Enemies of the System, if this will be a pleasure to them, that they have a certain Power against it, *viz.* to retard a great many of its advantagious Operations which the People would actually enjoy. Hitherto most of the Time has been necessarily taken up in removing the Obstacles which such Enemies, whether well or ill affected, throw in the way of the System, and to repair or hinder the Wrong which they do, or which they would do. The Jealousies they raise in the Publick, are the principal Cause of the dearness of Merchandise. Workmen can hardly be brought to like Bank Bills, because they hear them incessantly run down ; and many Merchants who know the Use of Paper Credit better than others do, in order to keep up Merchandise at an excessive Price, make a Handle of the disadvantageous Prejudices which they see dispers'd among the People against the Money which is offer'd them ; nay, some bear up against their own Consciences, and in spite of the Exception made in their Favour, as to the quantity of Money which they may have, and they also joyn with ungrateful People against a System that has enrich'd them ; a sort of People that are now to be met with every where. But, in fine, the Victory of Good over Evil being near at hand, not in the Mind of the ignorant and impotent Malecontent, but in the Views of the Prince and Master, we shall soon see the Fruits which this imaginary Estate alone is capable of producing, and which real Estates would never have produc'd, *viz.* The Communication of Seas and Rivers, the Repairs of the great Roads, the Establishment of publick Magazines to prevent the dearness of Provisions even in Years of Scarcity.

ry. Industry so ill rewarded, and so discourag'd or laid aside for fear of Impositions, will find honourable and profitable Employments both within the Kingdom, and in the Colonies abroad.

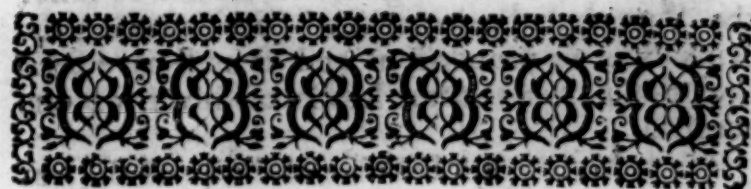
Let it therefore be said no longer, that the System, tho' it should be good in it self, and for other Nations, does not suit with ours; it is not to be shaken in any State, whether Republican or Monarchical, that once admits it. The Politicians of the last Age, who treated of the Banks of *Amsterdam* and *Venice*, look'd on them to be as durable as those States themselves. I have prov'd it to be impossible that the Royal Bank can ever be destroy'd either by the King or the Publick: But, besides, how great is the Advantage of Despotick Power in the beginning of an Institution subject to so many Rubs from a Nation not us'd to it? 'tis in a manner impossible to unite soon enough the Opinions of the Heads of a Republick, to remedy the daily and often contradictory Inconveniencies which the People raise, and which do, in appearance, from one day to another require contradictory Remedies. The greatest number of Leaders does not give their Opinion the surest way, and their Experience in the old Government, is the principal Cause of their Mistakes in the new one. A wise Prince infinitely shortens all these Difficulties; and forasmuch as there is a possibility for some to revive in process of Time, a King is always in a better Capacity to remedy them, than a Sovereign Council, whose Debates and Delays must of necessity take up Time before a majority of Votes can be obtain'd upon the most urgent Affairs. I may add here, that 'tis the want of a Despotick Power which keeps up among our Neighbours so many different Companies that aim only at the Ruin of each other; whereas a King acting by himself, is capable of reducing
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the whole to one View, and of giving his Kingdom a general Credit, as the only one that can procure the Confidence even of Foreigners. Besides, *France* has all the Conditions requisite for carrying Credit and Commerce to its highest Pitch, as the Extent and Fertility of its Soil, its Situation with respect to both Land and Sea, the Industry and Activity of its Inhabitants, &c. Therefore the System is so far from being improper for it, that 'tis the only State in *Europe*, and perhaps in the whole World, for which it is best suited.

I am, &c.

Saturday, May 18, 1720.

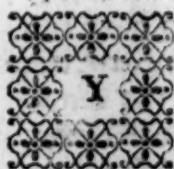




A
LETTER
UPON THE
ARRET
OF THE
Council of STATE,

Dated the 22d of *May*, 1720.

S I R,



YOU are quite wrong to be so much
alarm'd as you seem to be at the
Arret of the 22d ; I confess that at
first Sight it does not look very well;
but if you consider it a little, you'll
find that 'twas necessary, and wrongs no body.

'Twas necessary to fix a just Proportion betwixt
the Bank Bills and the Specie, therefore we were
forc'd to deviate from the former Proportion,
without which, the Actions and Bank Bills must
unavoidably have lost their Credit.

It would have been against all Reason to suffer the Species to be lower'd without lowering the Bank Bills in proportion, and it must have been impossible to give three Marks of Silver for one receiv'd.

Silver Money is a Division of the Bank Bill, or rather the Bank Bill is Synonymous with Silver. This very Bill is a Division and part of an Action, therefore no Change can happen in the Silver Species, which must not equally affect the Bank Bill and the Action. Would it be reasonable to diminish the Silver without diminishing the Gold in the same Proportion? assuredly this would not be to act consequentially.

This Arret does wrong to no Body.

It does none to the Actionier, who preserves the same Revenue. The Company has the same Funds to divide. The Dividend will be the same. The Action gave Two Hundred Livres Revenue, it will give the same still, and has the same prospect of Increasing.

At the Years end, when all Reductions shall be made, the Actionier will be as rich with his Action reduc'd to Five Thousand Livres, as he was before the Arret with Nine Thousand Livres.

The Arret does no wrong to the Bearer of the Bank Bill, all that he could desire was to have the same quantity of Bullion as he carried to the Bank or the Mint. He will have just the same. He carried in his Silver at the rate of Sixty, Seventy, and Eighty Livres a Mark, which Silver is to be reduced to Thirty Livres. The Bank Bill is reduc'd only in the same Proportion.

This Arret leaves the Bearers of Receipts in the same Condition it found them. At the time when notice was given of their Reimbursement, the Mark of Silver was at Sixty Livres,
and

and by Consequence would be diminish'd one half. The Bank Bill will be diminish'd no more, and will yield them as many Marks of Silver as they would have had if they had been paid off in Silver at Sixty Livres per Mark. Besides, the Bearer of Receipts may get as much by them as he would have done at that time. He will have the very same number of Actions.

The real worth of an Employment is deriv'd from its Revenue. The Revenue of an Action is not diminish'd, by consequence the real Value of the Action is not diminish'd.

The Actionier was to be paid only in Money whose value was lower'd, but he shall be paid in Money of a fix'd value; and while Provisions abate in proportion, he shall, with the same Revenue be enabled to bear double, nay, treble the Expence which he could otherwise have done.

To shew the Worth of the Arret, I will suppose, that instead of the Diminution which it orders, it had carried the Price of the Mark of Silver to double the value, *viz.* to One Hundred and Eighty Livres, and the Action to double its value in like manner, *viz.* to Eighteen Thousand Livres, would the Bearer of the Action and the Bank Bill be ever the better than he is now? undoubtedly no.

By this Hypothesis, his Capital would seem augmented, but all things augmenting in the same proportion, this Augmentation of the Capital would be only imaginary, and could not do so much with Eighteen Thousand Livres as it would have done with Nine Thousand. As to his Revenue, it would not have augmented according to Numerical Value, the Company having only the same Funds to divide; and Provisions on the contrary augmenting in proportion to the Aug-

mentation of Species, it was impossible that Two Hundred Livres should go above half so far as it did before the Augmentation, and consequently by the former Hypothesis, the condition of the Actionier would have been worse.

Therefore the Actionier has no Reason to complain of the Arret of *May 22*, it does him no Injury.

Those only seem to have Reason to complain, who having but a small Quantity of Bank Bills in their Hands, could not reach to the Price of an Action, but even those have no Right to complain, for besides what they made by the Augmentation of the Species, their Bills are still kept up at the same Value for paying Imposts, and all the King's Duties; so that in *November*, for Instance, the Peasant will receive for the Price of his Provisions, a Bank Bill at the Rate of One Hundred and Ten Sous, which shall be taken in all the King's Receipts at the Rate of Ten Livres, and so of other Bills in Proportion.

As to those who had a great Quantity of Bank Bills by them, their Lot is not indeed so fortunate as that of the Actioniers; but 'tis their own Fault, for why did they keep their Bank Bills, and not convert them into Actions?

But some will say, may one depend for Time to come upon any Thing, after all the Variations we have experienced? Let us narrowly examine those pretended Variations, and you will be convinced, that by the Arret of the 22d, the Regent has performed all that he promised.

The Mark of Silver was at Sixty Livres when the Regent engaged to pay off the Debts of Fifteen Hundred Millions owing by the State. It cannot be denied, but this Project of paying off Fifteen Hundred Millions of Debts was very advantageous

vantagious to the State, and that every private Man thought himself Happy to receive his Money at the Rate which Species then went at, that is to say, at Sixty Livres the Mark, considering that the Contracts on the Town had lost Sixty $\frac{2}{3}$ Cent; for in the main, the Creditors could only demand or desire what was possible, and it was impossible otherwise to pay off the Debts of the State.

The Regent by circulating the Mark of Silver at Ninety Livres, seemed to fail in the Promise which he made, not to sink the Coin above Sixty Livres $\frac{2}{3}$ Mark.

Now, he re-enters into his Engagements which he looks upon as inviolable, and which he always had a Design to fulfill. All the Creditors are paid off at the Rate of Sixty Livres the Mark of Silver, notwithstanding the Reduction of the Action to Five Thousand Livres, and of the Bank Bills to one half.

I will suppose that a Man who had Reimbursements of One Hundred Thousand Franks, when the Mark of Silver was at Sixty Livres, had laid them out in Actions at the Rate of Two Thousand, which is the highest Price, this Man had ten Actions, which at the Year's end would be worth no more than Fifty Thousand Livres; but as then the Mark of Silver will be reduced to Thirty Livres, he will be altogether as Rich as with One Hundred Thousand Livres, when the Mark of Silver was worth Sixty Livres, and by Consequence is no loser. 'Tis the same Thing with him who kept his Bank Bills, and he who bought his Actions when they were under Two Thousand, really gains all the difference of the Price at which he bought them when they were up at Two Thousand.

More.

Moreover, this Creditor will have double the Revenue of what he expected when his Reimbursement was promised him. Now, he was promised only Two £ Cent., and his Hundred Thousand Franks being to bring him in only Two Thousand Livres, the Mark of Silver at Sixty Livres, he will have Two Thousand Livres, the Mark of Silver at Thirty Livres, and by Consequence, properly speaking, he will have double.

These, Sir, are the Reflections which I have made in haste. They are only rough, but I thought that being only to combat your Fear, and not your Ill-will, it was sufficient to set you in the right way; and that if you would please to give your self the trouble of thinking, you will find enough to satisfy all your Doubts:

I am, Sir, &c.

F I N I S.

